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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Split in African ranks widens

The widening split within the African National Council was underlined yesterday when Dr. Gordon Chavunduka, its secretary-general, offered to resign rather than work for a disunited party and Mr. Joshua Nkomo, leader of the former ZAPU, insisted that the planned party congress be held as scheduled on June 21.

Mr. Ian Smith, Rhodesian Prime Minister, said yesterday that the week-end's events in which 11 Africans were shot dead by the police, "brought into sharp focus the difficulties the Government faces in trying to negotiate with people who cannot agree among themselves, and whose disagreements so readily flare up into violence."

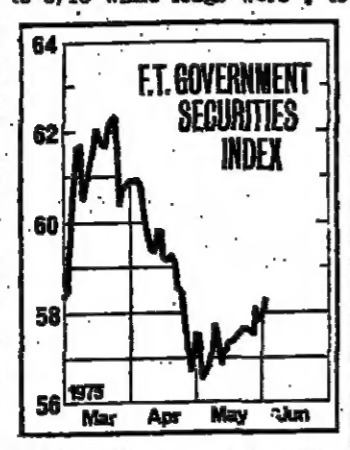
In Lagos the Federal Military Government of Nigeria condemned Sunday's killing of Africans by the Rhodesian police and described the incident as a "deliberate provocation" of the Nationalists and the whole of Africa by Mr. Ian Smith. Back page

BUSINESS

Equities lose 7.5; gilts improve

EQUITIES were dull, though many of the leaders more than recovered earlier losses. The FT 30-share index dropped 7.5 to 350.6, but 5.1 of the fall was accounted for by the sharp re- outnumbered falls in FT. Rises quoted Industrials by 3.2. Gold Mines index gained 3.2 at 413.2.

GILTS improved in quiet trading, with shorts gaining up to 5/16 while longs were 3/4 to 1/2 higher. Government Securities index rose 0.27 to 58.25.



Murder report names Kenya police chief

A Kenyan Parliamentary Select Committee report has linked Mr. Ben Gethi, commander of Kenya's elite para-military police, with the murder of Mr. Josiah Mwangi Kariuki, 45, a popular Nairobi politician.

The report states that Mr. Gethi should be regarded as "a person who took an active part in the murder or as an accomplice of the actual murderer or murderers."

Mr. Kariuki's murder brought to an end a controversial career as a Parliamentary critic of President Jomo Kenyatta's Government.

Hopes rise at British Airways

Shop stewards will today recommend a mass meeting of ground engineers at London's Heathrow airport to call off their week-old strike. If the men agree to revised peace terms in the TriStar-handling pay dispute, British Airways will begin to restore European and domestic flights to-morrow. Back page. Glasgow shuttle succeeds, Page 30

Derby bets to exceed £17m.

National betting turnover on today's Derby at Epsom is expected to exceed £17m. Last night Britain's big bookmaking companies were anticipating a big pay-out on Green Dancer, the French-trained 64 favourite and England's hope, the 5-1 Grundy. Today's racing, Page 2

Cambridge sit-in

Students began a sit-in at Senate House, Cambridge University, yesterday in protest over the university's rejection of their call for nursery facilities for students' children. Police were summoned, but the students refused to move.

June showers

Hailstorms over the Pennines and in South Wales yesterday followed Monday's June snow. The Meteorological Office advised to-morrow's Referendum voters to watch for bright intervals between showers.

Close to home

President Ford's daughter-in-law, Mrs. Gayle Ford, has lost her \$2.85 an hour teaching and job at an Ipswich, Massachusetts, school because of a cut in Federal funds.

The Queen and the Duke of Edinburgh are to visit Nigeria from October 14-23.

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

Exchequer 6 1/2% 1976 D84 + 1	Transport 3 1/2% 76/88 514 + 4
Allied Retailers 65 + 5	Asch & Lacy 137 + 5
Comet Radiovision 109 + 5	Coral (U.I.) 109 + 5
De La Rue 182 + 16	Hestair 87 + 6
Healden-Stuart 35 + 4	Johnson Matthey 235 + 8
Long John Int'l. 432 + 7	McCorquodale 173 + 17
Magnet Joinery 137 + 9	Martyn 81 + 4
Nail Westminster 235 + 8	Normand Elect. 87 + 4
Sparrow (G.W.) 112 + 7	Stakis (Reo.) 211 + 3

FALLS:

Wolsey-Eagles 92 + 5	Ultramar 208 + 10
Marivale 510 + 20	Selection Trust 680 + 35
Southern Malayan 180 + 7	Western Holdings 239 + 1

BECHAM

Brown (J.) 77 - 41	Hambros 153 - 7
Inchcape 382 - 18	Laird Group 45 - 4
Land Secs. 136 - 6	MEPC 145 - 9
Martin & News 138 - 5	Town & Commercial 17 - 34
Bishopsgate Plat. 56 - 4	Cons. Nurelson 740 - 20
Minore 270 - 15	Silvermines 73 - 5

(FT stock indices and FT-accounts summary, Page 35)

Anti-market claims on unemployment 'bunk' says Healey

BY JOHN BOURNE, LOBBY CORRESPONDENT

Mr. Denis Healey, the Chancellor of the Exchequer, in his first major intervention in the referendum campaign, last night poured scorn on the argument of the "antis" that joining Europe has given Britain an enormous trade deficit involving unemployment in manufacturing industry as high as 700,000. "Bunk," he called it.

In a special statement issued by the Treasury, Mr. Healey said: "It is not clear how this figure has been produced, but... then presumably if we had not joined the Common Market our unemployment would be reduced by 700,000."

"In other words Britain would have fewer people out of work than at any time since the Second World War, although the world is suffering from its most severe recession since the war. Anyone who believes that will believe anything."

The Chancellor's statement adds scornfully: "In any case, most of the anti-Marketters want us to try to join EFTA and then negotiate free trade with the Common Market. In that case the tariff situation would be no different than if we remained members of the Common Market."

The first estimate of unemployment—500,000—was produced by Mr. Anthony Wedgwood Benn, the Secretary for Industry, whom Mr. Roy Jenkins, the Home Secretary, said later was difficult to take seriously any longer as an economics Minister.

The figure was increased after the 500,000 by Mr. Michael Meacher, Mr. Benn's acting number two in the Commons.

The Chancellor's broadside maintained that the whole of the anti-Market argument about the

decline in British manufacturing was "grossly over-simplified and misleading."

Employment in industry had fallen in nearly all the countries competing with Britain between 1964-70. Japan and Germany were outstanding exceptions and the only countries in the developed world with a higher proportion of people employed in industry than Britain.

Since 1970 manufacturing employment here had continued to fall, although manufacturing output had risen faster than before. According to the statement, this was because although industrial investment had been increased under the last Labour Government, the people released from manufacturing by more efficient machinery had nearly all found jobs elsewhere. A million more men and women were employed in the public services, for example.

Moreover, from 1972 to 1974 Britain's exports of finished manufactures to Europe rose in value by more than similar exports to other parts of the world, and 1974 was one of the rare years in which British exports

of finished goods increased more than its imports—just over 7 per cent. in volume compared with less than 2 per cent.

Mr. Healey said he would not build too many conclusions on all these statistics (earlier in the day the Duke of Edinburgh had described the referendum campaign as a "bout of statistics"), but the claim that joining Europe was the cause of unemployment in manufacturing was "clearly bunk."

The same was true of the claim that we were losing jobs heavily through the export of capital to Europe. Since his first Budget, he said, Europe had been treated exactly the same as the rest of the world for capital export. Moreover, the vast majority of British investment abroad was done out of profits made abroad or by borrowing abroad.

The Chancellor's statement ended: "The problems of unemployment and manufacturing to which the anti-Marketters point have nothing to do with the Community. They reflect our failure since the war to raise our productivity as fast as most other countries have done."

"Solving these problems depends on making better use of existing equipment, or improving the rate of return on capital so that it is worth while investing more and, above all, on reducing our rate of inflation."

Jobs subsidy and price controls ordered in France

BY RUPERT CORNWELL

PARIS, June 3.

FACED with a new spurt in inflation and rising unemployment, the French Government today hit back by ordering arbitrary controls on certain prices, and measures to provide more jobs—above all for the 300,000 young people who this autumn will come on to a shrinking labour market for the first time.

The four-point jobs programme was made public this afternoon in the National Assembly by Prime Minister Jacques Chirac. His aim, though he did not say so, is to prevent unemployment, already at 500,000 according to conservative official figures, from topping the emotive 1m. mark later this year.

For 10 categories of goods, including clothes and footwear, linen and plastic household utensils, prices will be frozen until September 15. For a further 14 products, including edible oils, coffee and chocolate, retail margins control will be considerably reinforced.

The Ministry has ordered cuts of up to 7 per cent. in the price of certain domestic and industrial fuels—a direct consequence of the dollar's weakness, which has sharply reduced the cost of oil imported into France. The

Recruitment

Both public and private sectors will play their part. The State will step up recruitment in the areas it controls, while M. Chirac mapped out a joint scheme of industry and Government to encourage companies to take on new labour, even if it is not justified by the slack state of the economy.

For each new job created for those under 25 before October 21

news, however, is unlikely to be very popular with French oil companies, which already complain bitterly that they are losing money.

M. Fourcade said afterwards that the strengthened controls followed the failure of traders to pass on recent falls in oil prices to materials and producer prices fully. The official target remains to bring the inflation to below 10 per cent. a year, it is hoped to around 8 per cent. later in 1975.

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AUEW post vote: legal bid goes on

By Roy Rogers, Labour Correspondent

MODERATES in the Amalgamated Union of Engineering Workers are to press ahead with legal moves to reverse the union's controversial decision, made on the casting vote of president Mr. Hugh Scanlon, to abandon postal elections for officials at the end of the year.

This follows the failure yesterday of appeals to the AUEW national executive against the decision when once again Mr. Scanlon was forced to use his casting vote.

The appeals came from Mr. John Weakley, one of two Welsh delegates disqualified at the union's recent rules revision conference, and Mr. Tai Lloyd the AUEW's South Wales divisional organiser.

Although it is open for them to take the matter to the union's final appeals court in October, the current Left-wing majority on the 11-man lay appeals court leaves them little scope for optimism, and last night both men said they would proceed with their legal moves.

Mr. Weakley said that Llanelli shop stewards would be meeting within a few days to set up a fighting fund. Both he and Mr. Lloyd declared their determination that 70,000 Welsh AUEW members should not be disenfranchised by the disqualification of the Welsh delegates.

Their disqualification—on the grounds that the divisional committee that selected them was not properly constituted—meant that an earlier 27 to 25 decision to maintain postal balloting system was tied at 25 to 25 with Mr. Scanlon using his casting vote to signal the return to the old branch voting system.

Yesterday's rejection of the appeals was predictable, with the six-man executive splitting on political lines. Mr. Scanlon will probably have to use his casting vote on many more occasions until later this year when three executive posts come up for re-election including that vacated by right-winger Mr. John Boyd, who has just been elected general secretary.

With voting for these posts due in October they will be conducted under the postal system—thought to favour moderates—although if the first ballots are inconclusive the second round ballots could be conducted at branch meetings early next year.

Meanwhile Mr. Scanlon yesterday received the support of his executive in his resistance to "any allegation of ballot rigging."

Editorial comment Page 18

Reserves fell 10% in May to \$6.5bn.

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE U.K.'s official reserves dropped by \$641m. (£277m.) in May to stand at \$6,491bn. (£2,581bn.) at the end of the month, the Treasury stated yesterday.

Because of the intensive use made of almost every available economic statistic during the referendum campaign, an atmosphere of great sensitivity surrounded the publication of the reserve figure yesterday afternoon.

The only major adjustment, however, which needs to be made to the announced figure is an allowance for \$72m. of public sector foreign borrowing during the month.

This borrowing comprised loans of \$45m. to the National Coal Board and \$27m. to the British Steel Corporation—both from an EEC source, the European Coal and Steel Community.

The loans were raised during a month when the build-up of oil producers' funds in London was much less in evidence, partly because of the slowdown in the rate at which OPEC countries are accruing surplus funds, but also reflecting a change of sentiment by these countries towards sterling.

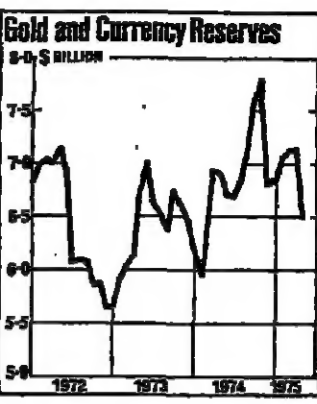
Without the public sector borrowing, the reserve loss last month would have been in excess of \$700m., representing the combined effects of the continuing—but reduced—rate of balance-of-payments deficit on current account, and the cost of supporting sterling once the slide in the rate had reached 25 per cent. depreciation from December, 1971 levels.

This level was hit on Monday May 12, and the rate fell to 25.2 per cent. on Tuesday May 13, at which level the K. authorities were seen aggressively defending sterling to signify that the fall from 22.5 per cent. at the beginning of the month—was regarded as enough for the time being. As the Financial Times reported at the time, the Bank of England spent over \$200m. supporting sterling on the Tuesday alone.

While there has been considerable official concern about the possible foreign exchange market reaction to a "no" vote in to-morrow's referendum, the market has been notably calm since the middle of last month. Yesterday was a very subdued day on the exchanges, with sterling remaining at 24.7 per cent. depreciation all day.

The decline in sterling to around the 25 per cent. level was regarded as inevitable in view of the U.K.'s rapid rate of inflation.

While it is hoped that the 25 tons. per cent. mark constitutes a rest-



ing place, there are no illusions in Whitehall about the implications for the pound if—whatever the result to-morrow—the U.K. is not seen to be getting its inflation under control in the coming months.

At present the Government's hopes are being pinned on the achievement of a tighter incomes policy as a result of voluntary talks with the TUC and CBI before the next official wage round begins in the autumn.

The referendum has consigned economic policy to limbo, but it is understood that a number of contingency plans are being prepared to meet a situation where success on the voluntary incomes front is not forthcoming.

Given the firmly entrenched distaste for a statutory incomes policy, a Selwyn Lloyd-type "pay pause" to be administered by employers at the Government's "request" is one possible measure.

Various Ministers, including Mr. Healey, the Chancellor, and Mr. Edmund Dell, the Paymaster-General, have also been hinting strongly about further cuts in public spending.

It is believed, however, that within the context of a situation in which the Government felt there was a limit to its ability to cut public spending in the short term, a further package of tax increases might be on the cards.

Ideas being thrown around in Whitehall include a tax on company payrolls—possibly by a straight increase in the National Insurance stamp.

While the feasibility of various schemes is being studied in Whitehall, nothing on these lines has been firmly decided.

Meanwhile, Government sources emphasise that, faced with a projected balance-of-payments deficit of \$7bn. this year, the U.K. has, if needed, the availability of some \$12,400m. of overseas borrowing facilities "on a variety of terms and conditions."

Editorial comment Page 18



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Lampstead Theatre Club The Death of a Black Man

by W. STEPHEN GILBERT

If black men are suffering, the compromised to play ball. And Sharkey is the on-going black deal, the city fox, the scavenger grubbing for a living by exploiting his racial role.

The play, though, doesn't come off the stage quite like that. Playing Jackie, Mona Hammond's grip on emotional truth is so secure that again and again one is brought up short by her delivery—the corrosive mocking of Sharkey's youth, the pain beneath the cynicism, the despair of Sharkey's youth, the pain of a musician in the face of the two lads' blackness and she weeps for their wickedness and the world's. That's why her cry for black women pierces the measured tread of Fagon's scheme and swings the emotion away from the exploration. She makes you feel the truth of Stumpie's line: "I'm not a person, I'm a character... I'm good, bad and indifferent." When she cries out defiantly "there is nothing you two can do for black people that better men haven't tried to do before," she makes it a telling assessment of character within a character, dramatic rather than a simple expression of political defeatism within a parabolic scheme. In comparison, Gregory Munroe's Sharkey—all gauche energy and petulance—and Anton Phillips's brooding and erupting Stumpie are stuck on a couple of notes but play out their symbolism with more clarity.

Roland Rees gives the play a handsome production. The never lived-in costumes by Frances Ezzett and brown and white by Bernard Cuthshaw create a limbo out of a naturalism gone wrong. Fagon's writing lacks economy and variation in pitch and pace; and it really needs strokes of theatre. But the charming play as such is a revealing instability in the breach as for what it tells us about cultural alienation.



James Aubrey, Jill Bennett, Arthur O'Sullivan and David Troughton in 'Loet', which opened last night at the Royal Court

Television

The nice and the good

by ANTHONY CURTIS

The documentary, *Charity, Poverty and Obedience* (BBC-1), "a study of three vows and how they are interpreted," took us inside some convents in Britain. One nun who was a university lecturer had a rather pleasant room, a Michelangelo print adorned the wall, books by Iris Murdoch and Simone de Beauvoir on the shelves. I managed to focus on the title of *The Second Sex* but the camera did not linger long enough for me to work out the other. Was it *The Nice and the Good*? That at any rate is the Murdochian phrase that has been haunting my mind in a week when television has been crossing many subtle moral frontiers.

Those, for instance, of the nuns: they appeared both nice and good, most of them. The niceness showed through instantly; the goodness by degrees. One or two engagingly dotty characters, and only one, a nun called Liz Thomas who was right-mindedly subject of a programme that first bombarded the viewer with a hall of disconnected impressions, jumping from nun to nun, from chapel, to cloister, to refectory, to airport lounge, with a voice-over commentary. I was held by the opening shot of some novices taking their vows, abating themselves full-length on the floor of the church while the priest intoned a blessing over them, and continued to be held as the producer Hugh Burnell rapidly ranged his cameras over the various phases of their lives and the duties they were set to perform.

One member of a Franciscan order revealed what a mixture of motives may govern every aspect of the dedicated life when she explained why she went barefoot everywhere. It was, she said, partly as a penance, partly for the order to save money, and partly "because it's rather fun." Another nun who was building a brick wall Churchill-fashion and not getting it very straight excused herself by saying: "I'm trying to think of the contemplative life at the same time." Until around half way it seemed as if the programme was going to rest content with such charmingly spontaneous comments but then a more tendentious tone was sounded with the appearance of a male psychiatrist from the

side world addressing a gathering of mothers superior. As he began to lay down the law to them, their heads bowed in a polite silence, one or two making a play of scribbling a few notes, I began to pray that he would soon be faded out and the earlier style resumed. But this prayer was not granted, and he was shown in a series of interviews with the religious, probing the reasons for their decision to lead the nun's life, adding all kinds of unworthy motives, self-pity, sexual failure, and so on. It was as if he was trying to dent marble with a pea-shooter; the cruder the questioning became, the more smilingly resilient were the answers. One drop-out nun who had left her order after 25 years, and one postulant who still had to commit herself fully, showed finally that this kind of certainty may seem deceptively easily won.

Someone who seemed to possess it by nature was not any kind of nun, but a young English nurse called Liz Thomas who was right-mindedly subject of a programme that first bombarded the viewer with a hall of disconnected impressions, jumping from nun to nun, from chapel, to cloister, to refectory, to airport lounge, with a voice-over commentary. I was held by the opening shot of some novices taking their vows, abating themselves full-length on the floor of the church while the priest intoned a blessing over them, and continued to be held as the producer Hugh Burnell rapidly ranged his cameras over the various phases of their lives and the duties they were set to perform.

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Festival Hall Utah Symphony Orchestra

The orchestra from Salt Lake City, familiar for many years from a large and admirably adventurous series of records, has been touring in England; on Monday in the Festival Hall, the sixth and final concert found the orchestra's long-standing director Maurice Abravanel, sadly lacking lustre and dull, wanting almost all of the enthusiasm and energetic presence that had made some of those records treasurable.

The programme might just have sat comfortably on a well-oiled virtuoso American orchestra under a crack conductor, but proved heavy going in the present circumstances. Copland's *Billy the Kid Suite*, the opener and a preliminary birthday salute (the composer is 75 in November), disclosed here enough of rhetorical rigour to make even the most devoted Copland admirer dread his next entrance. At unhappy—but then in a performance so heavy on its toes, finding so little light dancing in the syncopations and shifting bar-

Battersea Park The Royal Ballet

There, amid the greenery of Battersea Park and the pop-corn cartons, lashed by gales that make the South Bank more like the ice hell of Pits Paju, the Royal Ballet's big top stands. Vast and dark blue (perhaps from the cold) but with a jolly ambience, the tent makes a reasonable but not entirely improbable setting for *Swan Lake*. The stage is wider than at Covent Garden, but considerably shallower; the sets inevitably look rather make-shift, but there was nothing make-shift about the company playing on Monday to inaugurate a season which—thanks to the stage staff at the Coliseum—is bringing ballet at popular prices to what we hope will be a new audience. With a top prize of £3000 the Royal Ballet in *Swan Lake* is a tremendous bargain. Casting was de strength: a cracking pas de trois and waltz in Act 1, fine diversifications in Act 2, and albeit there was inevitably some adjusting of dancing to a new stage, the performance was fine.

And superlative the partnership of Makarova and Dowell, two artists who plainly inspire each other to the most serious and beautiful exposition of their roles. Dowell's sensitivity of acting in the first act, the preparation of the young Prince for the cataclysmic meeting at the lake-side, is magnificently judged, as is the development of his obsession for the Swan Queen. With Makarova, Odette lives. Her first appearance presents us with a creature both mysterious and pathetic. The unparalleled lyricism of her dancing, the phrases of movement that curl and beat round the central crisis of the character, are the outward leading exhibits, including the of an inner dramatic conflict that acquires an almost Victorian moral force. The body speaks with a total communicative power

Empire Pool, Wembley King Arthur on ice

by ANTONY THORNCROFT

The times are right for barny ideas and there can be few faster than Rick Wakeman's decision to perform his latest "concept" album about *King Arthur* on ice. The actual record is musically far-fetched, and watching a cast of hand-picked stars on a wooden island drift amid the Wembley ice was pure Puck-sque.

Happily Rick Wakeman sends up the whole idea. He has always favoured a medieval image, his long yellow hair usually setting off the robes of his medievalism, and he plays his assorted keyboards with as much bombance as a Maribeth witch; a little pinch of piano here; a touch of organ there. Caught in the spotlights, surrounded by the English Chamber Choir, the Nottingham Festival Vocal Group, and his own rock associates, he was the wizard conjuring up—what?

Well, nothing of any consequence. The music in *King Arthur* is an odd mixture of "B" movie soundtrack, plus rambling rock. The choir is called on occasionally to go "ahh" and the Nottingham group contributes a mock madrigal. The weight of bodies even succeeds in drowning Wakeman's undoubted skills at the keyboards.



A totem pole of the Kwakiuth tribe ('The Tribal Eye'—BBC 2)

Lowndes-Ajax bureau chat Divorce by consent

If the research records on UK Computer installations are anything to go by there are very few installations that are earning their keep.

There are a wide variety of reasons why this happens, and they cover most of the traditional sins of omission and commission. We are frequently told that buying a house is the largest and most significant financial transaction in our private lives, and it is probably true that buying a computer is in the same category for a good many businesses. With these thoughts in mind, it is likely that those responsible for in-house computer installations, be they boards of directors or individuals, bend their minds, when faced with one more computer crisis, to the problem of what to do about it.

Sad to say, there are no band-aids for computer installations. Surgery and psychiatry are available, but they are seldom solutions that deal with more than immediate problems, and almost inevitably they only cure the superficial symptoms. Payrolls, ledgers, stock control, all have to go on, and the finest surgeons in the business cannot operate while the patient goes about his daily work.

So what can Management do? The toughest part of the situation is facing the fact that a mistake was made. By doing this, the situation changes at a stroke, because from that point onwards the negative thinking can end, and the creative thinking begin. There is no need any longer to waste time in working out who was the guilty party. There, seldom is a guilty party anyway.

There is a solution to the problem that we provide and our experience in this area can be made available very quickly. At that stage we take it for granted that your problem, and our advice, are highly confidential and will be dealt with only at senior management level.

The solution is that you get rid of your computer (and we can possibly help you do this), and use our bureau service to take over all the work that your own installation previously processed. Because of our 10 years experience at operating an installation for profit it is virtually certain that we can do this both more economically and more efficiently than an in-house installation. However, perhaps the most important point is that instead of worrying about your computer installation, your management can concentrate on the business it knows and treat us the same as any other supplier of services.

There is a compromise that can be offered in this solution if the need for in-house control makes it essential. You can have a terminal at your company linked to our central processor so that your work can be processed by your staff, or our staff, on your own premises. We have a number of large companies who use this

service. One of the extra advantages is that different parts of the company or different locations can have their own individual terminal service. If you are not a computer expert, and top management seldom is, you might wonder why, if what we have described is more economical and efficient, all companies do not operate their computer work on such a basis. It takes time for businesses to go through the process of trying to get their own installations to work successfully. Because we are all human it takes time to realise that it is costing more and more money to keep the monster going. And let us face it, it takes a lot of courage to face the facts of life and admit that expectations are not being fulfilled and probably never will be.

It is a serious matter and we treat it seriously. We are aware that the initial approach to us will have been made after a lot of soul searching, and our main concern will be to turn a negative situation into a positive one in the shortest possible time. More and more companies are using us in this way, and our experience of the human factors and the financial factors involved are at your disposal.

You don't have to have made any decision before approaching us, and we should like to suggest that if you are interested you speak personally to our Managing Director Peter Merrick, telephone number 01-681 2698. It could be the end of a problem and the beginning of a success story.

Lowndes-Ajax implement £100,000 contract for BTR

BTR Limited, one of the world's principal manufacturers of industrial rubber products, have replaced their in-house data processing system, an ICL 1904, with a terminal based bureau service linked with the twin IBM 370/145's at the Lowndes-Ajax Croydon Bureau Centre.

The project which involved the conversion of 15 comprehensive systems was approached in three ways. Either by minor conversion of COBOL programs from running on the one machine to the other, or replacing 1900 systems with Lowndes-Ajax package software, or thirdly by rewriting an up dated version of the systems.

Lowndes-Ajax sell computer cost control system to Foster Wheeler John Brown Boilers

Earlier in 1974 Lowndes-Ajax announced the acquisition of a contract worth £50,000 to supply a financial control system for Foster Wheeler John Brown Boilers Limited. We are now working on the second contract worth £15,000 for a cost control system to marry up with the facilities provided under the first agreement. Vic Taeger, Computer Services Manager for Foster Wheeler John Brown, who originally chose Lowndes-Ajax from 12 other service bureaux competing for the business said, "We hope the new project proceeds as satisfactorily as the present work upon which Lowndes-Ajax are engaged".

WORLD TRADE NEWS

Univac increases share of European computer sales

BY CHRISTOPHER LORENZ

SPERRY UNIVAC was the major beneficiary, and Honeywell and ICL the main losers, of a substantial shift of shares on the European computer market in the two years to last December. This is one of the conclusions of an ambitious 300-page statistical report on European data processing which is about to be published.

Univac's share of the general purpose computer market, in terms of the value of installations, rose from 6.2 per cent to about 7 per cent, between 1972 and the end of 1974, according to IDC Europa, an independent research organisation. In contrast Honeywell's fell from 10 to about 9.5 per cent; and ICL's from approximately 9 to about 7.5 per cent. IBM's stagnated at around 57 per cent.

Univac achieved its rapid surge by adding about \$500m. to the value of its European installations, according to the report, almost exactly the same as Honeywell, which had begun the period with an installed base which was 60 per cent more valuable than Univac's; by the end of 1974 it was only 36 per cent more valuable. ICL added about \$240m. to its base.

Although, like every computer market survey, the IDC Europa study contained figures which will prove controversial with some of the manufacturers, particularly valuable in outlining the "net" increase in each company's installed base.

The study takes account of the sort of "upgrading" which involves a customer replacing his existing installation with a newer or larger one from the same manufacturer; since 65 per cent of the computers outside the U.S. are on rent or lease, the future flow of incomes from them is crucial to most manufacturers' prospects. A company with soaring turnover may be in a relatively weak position if it is not gaining new customers as well as replacing its existing installations.

IDC Europa has excluded the following types of equipment from its "general purpose" classification: visible record and minicomputers; dedicated process, communications and scientific systems; data preparation systems; and—most important—"obsolete models with effective zero market value."

It is this last exclusion which

European market shares, December 1974 (per cent of total value)	shares, December 1974 (per cent of total value)
IBM	55.5-60.4
Honeywell	8.0-11.0
Unidata	7.4-8.7
ICL	6.8-7.2
Univac	6.2-7.2
CDC	3.2-3.9
Burroughs	2.5-2.7
NCR	1.5-1.6
Others	2.0-3.5
Value of installed base	\$18.65bn.

Bangladesh asks for \$1bn. aid

BY OUR ASIA CORRESPONDENT

BANGLADESH will meet the rich nations of the world today in Paris and ask for more than \$1bn. in aid in the next financial year. Most observers think the meeting will go well and Bangladesh may get as much as \$1.4bn. in commitments from the donors.

Most members of the Bangla-

des aid consortium have been impressed that, after three years of pressure, the country has finally devalued the taka and is trying to put together an economic package which will get the economy on a better footing.

The International Monetary

Fund and Bangladesh are already working on a package, under which the fund would allow the country to draw two more tranches of stand-by credit, about \$75m. At the moment Bangladesh's foreign currency reserves are quite high, more than \$200m.

R-R has French pact extended

By Michael Dome

A TEN-YEAR extension of the agreement between Rolls-Royce (1971) and Turbomeca of France, covering co-operation on the Adour engine programme, was signed at the Paris Air Show yesterday.

The agreement, originally signed in June, 1965, led to the formation of the joint company, Rolls-Royce Turbomeca, to develop and build the Adour jet engine for the Jaguar supersonic strike-trainer aircraft.

To date, more than 600 production Adour engines have been delivered and in addition to the Jaguar the engine powers the new Hawker Siddeley Hawk trainer and ground attack aircraft.

Total commitments so far call for the production of over 700 aircraft using the Adour—424 Jaguars, 127 T-2s and 175 Hawks. Developments of the Adour engine now planned will ensure that the engine remains competitive through the 1970s and 1980s.

It was also announced from the Paris Air Show yesterday by De Havilland Aircraft of Canada that it had sold another two of its "Dash 7" quiet short take-off and landing (STOL) airliners, to the Soviet airline, Aeroflot, for delivery early in 1978.

Other Paris Air Show contracts: British Aircraft Corporation's Electronic and Space Systems Division has won a £485,000 contract to supply 11 Skylark research rockets to West Germany for use by universities, space research and other scientific groups.

Singer of the U.S. has won a \$13.7m. contract for two weapons systems trainers for the U.S. Navy's F-14A Tomcat fighter programme. Lockheed-Georgia Company has won a \$24.3m. contract from the U.S. Air Force to begin work on stretching the C-141 Starlifter jet transport to increase its cargo capacity by one-third.

W. German-Comecon trade 'near peak'

BY GUY HAWTHORN

FRANKFURT, June 3

WEST GERMANY'S Overseas Traders' Federation, the Bundesverband Des Deutschen Gross- und Aussenhandels, believes that trade with Eastern Europe is near its peak. The organisation's annual report says that "the borders of expansion" have nearly been reached.

This conclusion has been reached despite last year's 42 per cent increase in trade between the Federal Republic and Comecon. In 1974, turnover totalled DM30.3bn. (\$5.45bn.) and for the first time rivalled trade with the U.S. which reached DM31.3bn. (\$5.63bn.).

The Federation's report, presented by the president, Herr Fritz Dietz, said although there had been a high growth rate recently, it believed the future held in store import restrictions, trade moratoriums and stand-still agreements on export expansion.

The root of the problem was that the East European nations would soon reach the limit of what they could buy with foreign currency earnings.

East European nations have been trying to build up an alternative, and for them, more attractive, form of trade—industrial co-operation. The Federation, however, pours cold water on this. Co-operation, it feels, does not prove sufficient to restore the balance, it says.

In a generally depressing report, the Federation says it can see little to indicate an improvement in the economic climate. Trade turnover was in real terms declining and the rate of fall was increasing.

Herr Dietz said that turnover in the sector in the final quarter of 1974 had risen by a nominal 6 per cent, but, in real terms, had

declined by 8 per cent. The average for the first quarter of the current year showed a 2 per cent nominal growth and a 12 per cent real decline.

In March, there had been a deterioration of 8 per cent nominal and 15 per cent in real terms, said Herr Dietz. The situation improved slightly in April with a nominal 4 per cent decline and a real fall-off of 11 per cent.

The upwards trend in trade prices had slowed, however. From November, 1974, to April, this year, the rate had fallen from 15.9 per cent to 9.2 per cent.

Herr Dietz, who refused to make any economic forecasts for the industry, said that in 1974 the Federation's membership totalled 110,000 companies employing some 1.2m. workers. Combined turnover of the members rose by DM51m. or a nominal 13 per cent to DM40.4bn.

But the previous year's expansion had in real terms changed to a decline. In 1973 nominal growth had totalled 15.8 per cent, while real growth reached 7 per cent. In 1974 the nominal increase was, in fact, a 2 per cent fall.

One piece of bright news, however, appeared on the West German trade scene to-day. The Federal Economics Ministry in Bonn announced that trade with the Arab countries in the first quarter of 1975 nearly doubled, while imports fell about a quarter.

West German exports totalled DM1.5bn. compared with DM1.1bn. in the same period of last year. Imports over the same period totalled DM3.2bn. compared with DM4.3bn. in the first three months of 1974.

SOVIET TRADE WITH THE WEST

America loses out

BY PETER ZENTNER

THE SOVIET UNION has diverted business contracts worth \$1bn. from the U.S. to other Western countries during 1975, while the Russians never stood according to Mr. Vladimir Alkhimov, Soviet Deputy Minister of Trade. This was reported to a recent East-West marketing conference in New York by Mr. Harold C. Scott, President of the U.S.-USSR Trade and Economic Council, who added that Mr. Alkhimov had promised to send a detailed breakdown of the lost orders. This loss of business, it is claimed, flows directly from the Soviet repudiation in January of their earlier trade agreement, signed with President Nixon.

The repudiation was the Russians' response to the Jackson amendment linking the granting of Most Favoured Nation treatment and U.S. Government long-term credits to the Russians with the Jewish emigration question.

This setback to U.S.-Soviet trade relations follows a period of exceptional economic exchanges between the two countries. Although U.S. exports in 1974 dropped to \$961.4m. from the record 1973 figure of \$1.4bn., Mr. Scott claimed that business already in the pipeline would send the 1975 total over the \$1bn. mark once again. Nevertheless, it is clear from Mr. Scott's words and those of senior representatives of U.S. industry and banking that the Soviet act put a serious brake on future U.S. dealings with the Soviet Union. It also looks as if the

U.S. has been the overall loser in the whole affair. It has lost a large slice of Soviet business, while the Russians never stood to gain much from MFN except for the political boost. MFN would not, for instance, have solved the problem of their marketing competence. And so for credits, the Russians have already found other sources.

In 1974, the Soviet Union was the second largest credit customer, but has opened up other sources since. During 1975 it concluded

U.S. industry fears that it can only compete successfully for Soviet orders with technology unobtainable elsewhere.

These are currently rather obscure. On the one hand, credits mean exports and therefore jobs. It has been estimated that each \$100m. credit could be equivalent to 60,000 jobs, which, in a country with unemployment around 9 per cent, is not an unimportant factor.

There is also the feeling that if the Soviet Union needs technology for energy and raw material development, which it unquestionably does, it should be made to pay for it, especially as the explosion of world prices in recent years has greatly improved Soviet terms of trade.

such as Arthur T. Downey, Deputy Assistant Secretary for East-West Trade in the Department of Commerce, are anxious to "depoliticise" the question, expressing the hope that "Congress will reassess the link between trade and emigration." The whole question is due for another airing with Romania's application for MFN status and subsidised credits. At first it looked as if Romania's good record on Jewish emigration would ensure her a smooth passage. But with Congressional revelations that her policies had tightened up in the last year or two, a repeat of the Soviet episode is possible. Whichever way the case goes, it will give a useful pointer to Congressional attitudes.

agreements with other Western countries including the U.K. and Japan for no less than \$50m., and is currently picking up another billion dollars from Canada.

Thus the Soviet Union has reoriented its Western trade, and U.S. industry fears that it can compete successfully for Soviet orders only with technology unobtainable elsewhere. U.S. companies are also advised to do business with the Russians by way of British or French subsidiaries if this enables them to take advantage of competitive Government credits available to the Soviet Union.

LAFARGE

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NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Lafarge will be held in the "Le Loge" room of the Hotel Meridien, 81 Boulevard Gouvion Saint-Cyr—Paris 17e at 5 p.m. on Thursday, 26th June, 1975, for the purpose of transacting the following business:

- To receive the report of the Board of Directors on the operations of the Company for the financial year of 1974; to approve the operations, the accounts and the balance sheet for the financial year of 1974; to approve the appropriation of the profits and the dividend.
- To approve the agreements contained in the special report of the Commissaires aux Comptes, being certain agreements entered into by the Company with a Director or a General Manager or a company whose Directors are common to both.
- To approve the remuneration of the Board of Directors and Censeurs of the Company.
- To re-elect Jacques Merlin, Jean de Precigout and Jean Bailly as Directors of the Company; to ratify the nomination of Pierre Celler as a Director of the Company.

Other business.
All Shareholders, irrespective of the number of shares held, are entitled to attend the Annual General Meeting or to be represented by a joint holder or another shareholder provided that:

- In the case of holders of Registered Shares, they were entered on the Register of Members at least five days before the date of the meeting.
- In the case of holders of Bearer Shares, at least five days before the date of the meeting they have either deposited their shares at the Registered Office of the Company, 28 rue Emile Menier, Paris 16e, or produced evidence that their shares have been deposited with certain banks or credit institutions.

The documents to be produced to the Annual General Meeting will be available for inspection by Shareholders during the period prescribed by French law at the Registered Office of the Company.

Shareholders wishing to attend the Annual General Meeting will receive upon request an Admission Form. Forms of Proxy are available upon request to Shareholders who are unable to attend the Annual General Meeting in person.

The Board of Directors.

The full text of the resolutions to be proposed at the Annual General Meeting is contained in the Annual Report of the Company, copies of which may be obtained from the offices of Kleinwort, Benson Limited, 34 Lime Street, London EC3M 7LX. A list of the names and addresses of the banks and credit institutions with which Bearer Shares may be deposited in France prior to the meeting, Admission Forms and Forms of Proxy may also be obtained in the United Kingdom at the offices of Kleinwort, Benson Limited.

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AMERICAN NEWS

Chile ultimatum to U.K. on rescheduling of debts

BY HUGH O'SHAUGHNESSY

CHILE HAS issued an ultimatum on the debts owed by it to Britain this year. At a Press conference last week, Admiral Patricio Carvajal, the Foreign Minister of the Junta, warned that unless Britain accepted the terms arranged by other creditors of Chile at talks last month in Paris, on debts maturing this year, Britain could expect no payment at all.

At the beginning of last month, creditors owed more than 80 per cent of Chile's debts maturing this year agreed informally to reschedule repayments over the next 10 years.

Creditors would be paid 10 per cent of sums outstanding in 1975 in each of the years 1976, 1977 and 1978, while the remaining 70 per cent would be repaid in 14 six-monthly payments over the following seven years.

This compares with last year's rescheduling terms, under which Chile was committed to repaying 20 per cent of its debts in the first three years and the 80 per

cent balance over the subsequent seven years.

Britain, which is owed around \$14m. by Chile this year, was not represented at last month's Paris meeting.

Chilean diplomatic sources claimed yesterday that under the terms of arrangement with its other creditors Chile was precluded from offering Britain terms any more favourable than those arrived at with them.

Yesterday, the Foreign and Commonwealth Office declined to comment on the Admiral's remarks pending further study of them.

The decision of the Chilean Junta, which was not unexpected in the light of earlier statements to the same effect by Adm. Carvajal's predecessor in the Chilean Foreign Ministry, Adm. Ismael Huerta, is bound to revive debate about policy towards Chile within the Labour Party.

Next week in the Commons, Mr. Stanley Newsom (Lab.,

Harlow) has tabled a question to the Chancellor of the Exchequer on the subject of British policy on the debt.

Yesterday, Mr. Newsom commented that British pressure on the Junta had been instrumental in securing some greater measure of observance of human rights in Chile. He declared himself against any financial concessions to the Junta at this stage.

In an answer to a Parliamentary question in February, Mr. Peter Shore, Trade Minister, revealed that the Export Credits Guarantee Department had been instructed to limit its cover to those British exports to Chile being paid for within six months of shipment.

Meanwhile, the ECGD is understood to have paid out the first instalment of \$1m. to a British firm who have failed to receive monies due to them from Chile in January. By so doing, the British government has accepted the responsibility of recovering from Chile the sums repaid on.

New York Fed steps up exchange intervention

NEW YORK, June 3. THE FEDERAL Reserve Bank of New York's regular quarterly report shows that it has adopted a more aggressive intervention policy, foreign exchange sources said.

The report showed that the New York Fed sold \$793.2m. of foreign currencies in support of the dollar and also repaid \$445.7m. of swap indebtedness through market purchases. This level of intervention by the Fed represents a new era of more aggressive support action, effectively ending the period of benign neglect of the dollar.

The report said that the New York Fed started intervening actively on February 3, following an agreement over intervention approach concluded between the Fed, the Bundesbank and the Swiss National Bank the previous day.

The Fed sold a total of \$139.4m. of D-marks, Swiss and Belgian francs on February 3 and 4, and between then and the end of February sold \$580.3m. of currencies as the dollar continued under pressure. The pressure slackened during March, and probably because of its more aggressive intervention stance, the Fed was only forced to sell \$2.1m. of guilders on March 25 following the assassination of King Faisal of Saudi Arabia.

The Fed said that as the dollar steadied towards the end of the reporting period it was able to repay \$445.7m. of its swap indebtedness, including \$269.6m. to the Bundesbank and \$159.4m. to the Swiss National Bank.

The sources said that the fact the Fed was prepared to move into the market in this way indicated the U.S. authorities, despite the widely held view that the dollar remains undervalued, were prepared to take advantage of prevailing currency levels during that period.

CUBAN-U.S. RELATIONS

Out of the freeze

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE RELEASE by the Cuban government this week of three U.S. hijackers and rumours that other U.S. citizens held in Cuba may soon be set free takes further the series of moves and winks that Havana and Washington have been exchanging for many months now.

The freeze that kept the U.S. and Cuba in attitudes of overt hostility since President Eisenhower broke relations with Havana and President Kennedy gave the green light for the Bay of Pigs invasion in 1961 is melting.

On his visit to London last month to sign a very big credit agreement with Britain, Dr. Carlos Rafael Rodriguez, the First Deputy Prime Minister of Cuba and the man immediately behind Fidel Castro in the Cuban order of precedence, went out of his way to emphasise the degree of the thaw.

The U.S., he said, had given three particular indications of wanting to make it up with Cuba: Dr. Henry Kissinger, the U.S. Secretary of State, during his speech on March 1 about Latin America at Houston and during a television interview had softened the Administration line, and State Department attitudes in the Organisation of American States' debate on the lifting of the hemisphere boycott of Cuba also had become more flexible.

Senators

The visits of U.S. Senators such as Mr. George McGovern last month and Mr. Edward Kennedy later this summer, Dr. Rodriguez added, were of importance, and the 1976 U.S. presidential elections could hardly fail to produce even more flexibility in the U.S. position.

For his part, Dr. Rodriguez took the opportunity to do some signalling of his own. In a statement which is already having repercussions in Latin America, he said that Cuba was not now supporting armed conflict in any country of the hemisphere. The objective conditions for armed revolution were certainly present in many countries of the region but he said, "subjective conditions were not yet present." Being

interpreted, that means that he feels that living conditions for the mass of the people in Latin America are such as to favour armed revolution, but that there are not enough people willing and able to carry plans through.

Cuba, he added, favoured the policy of exhausting peaceful means to promote social change, and to that end was supporting Governments or individuals who supported progressive and anti-imperialist policies. This, according to him, was a perfectly viable policy with countries such as Mexico, Venezuela, and Peru. In a rider which has caused no little heartburn to the extreme Left in Chile, he called for a broad front to include not just the Left but also the Christian Democrats.

"There has to be an agreement not just with the Left wing of the Christian Democratic Party, but with the whole of the Christian Democratic Party, including ex-President Eduardo Frei, not of course in order to put back into power a Government led by Frei, but in order to overturn the military junta."

Those Left wingers who have regarded the Chilean Christian Democrats in general and ex-President Frei in particular as intellectual co-authors of the bloody coup d'etat of September, 1973, have found Dr. Rodriguez's attitude hard to take. They have made unkind references to the period in the 1940s when, following the Cuban Communist Party's tactic of the day, he accepted a Cabinet position under General Fulgencio Batista, and have represented the latest Cuban pronouncement as tantamount to urging the rape victim to get back into bed with the rapist.

Whatever the feelings of the Chilean combative Left, it is clear that Cuba could hardly have gone further in signalling that it is not now supporting the export of revolution—or at least the export of armed revolution. By signalling that, Cuba has to some extent smoothed the way to a rapprochement with Washington. Such a rapprochement could be helped by the present

deliberations within the OAS. It is not without its significance that the consensus that the OAS will soon abolish the remaining tatters of the sanctions policy is so great, that Dr. Raul Sapena Pastor, the Right wing Paraguayan Foreign Minister, who aspired to the OAS Secretary-Generalship, announced his retirement from the contest last victory oblige him one day to preside over the formalisation of détente with the Government he most dislikes in the world.

There remains the question of claims for property taken over by the Cuban revolutionary Government in the first years of the Castro Government. U.S. citizens have filed no fewer than 3,816 individual claims to a total value of \$3,346,406,271.38. These claims include \$267.6m. from the Cuban Electric Company, now part of the state-owned ICAE, from those old Latin American hands ITT, and \$108.5m. from a sugar complex headed by North American Sugar Industries. The \$3.3bn. claim is greater in value than claims lodged by U.S. citizens against expropriations in the Soviet Union and all the other Eastern European countries combined, and is a measure of the enormous assets that the U.S. owed in what was regarded as Uncle Sam's Other Island.

But as the conservative Washington journal, *Inter-American Economic Affairs*, remarked in 1973, "the prospects of compensation for the holders of Cuban assets are indeed dim." Cuban assets blocked in the U.S. amount to just over \$80m. of which only \$2.5m. belonged to the Cuban Government. The question of U.S. assets sequestered in Cuba is not seen as an insuperable obstacle to Cuban-U.S. rapprochement if the political will exists for it in Washington and Havana.

Orders

It is evident that this political will is developing. On the U.S. side the departure of Mr. Nixon and his close Cuban associates such as Mr. Bebe Rebozo from the White House has removed an element of intense personal hatred from the U.S.-Cuban equation. In addition U.S. companies more than a decade.

are increasingly conscious that they are losing big orders from a Cuba which is ever more able and willing to make large purchases of sophisticated capital goods. The sight of Cubans advertising their desires to buy \$1bn. worth of goods from Britain and similar amounts from France and Spain in the next five years revives commercial appetites which already played their part in the formulation in the 1820s of the "hands off the hemisphere" Monroe doctrine. Lastly the increasing unwillingness of Latin American governments to support the OAS blocade has brought home to the State Department that it is defending a bastion which is becoming increasingly indefensible.

On the Cuban side, the consolidation and institutionalisation of the Communist administration in Cuba—which is about to be celebrated at the end of this year in the first congress of the Communist Party—has given Cuba's Communist leaders the self assurance to go into a period of détente.

This self-assurance is more over backed by the recent high sugar prices and the copper bottoming given to the economy by Soviet economic support and Cuba's membership of Comecon.

The importance of Cuba in Comecon was underlined last week when for the first time ever one of the Comecon high level meetings took place in Havana. Not least among the forces working for a U.S.-Cuban thaw is the desire of both Washington and Moscow to develop détente. On the Cuban side there is a realistic acknowledgement that whatever may have been the public gestures of defiance of the blockade, the Cuban economy has suffered much from being cut off from those companies in the U.S. which had traditionally supplied much of the equipment on which the island had depended for its day-to-day life. A new relationship with the U.S. should help to ease some of the bottlenecks from which the Cuban economy has suffered for more than a decade.

U.S. recession 'bottoms out' as stockpiles drop, orders rise

BY GUY DE JONQUERES

WASHINGTON, June 3.

FRESH evidence that the U.S. economy has now reached the bottom of the recession is provided by Government statistics showing a steep drop in manufacturers' stocks and a sharp increase in new manufacturing orders during April.

The fall in stocks, the second consecutive monthly decline after a long build-up, was \$1.15bn. or 0.8 per cent. This is the largest percentage drop since May, 1968, when the U.S. economy was preparing to move out of a recession and is the first time since mid-1971 that stocks have fallen for two consecutive months.

The increase in factory orders, amounting to \$4.71bn. or 6.4 per cent, was also exceptionally strong—the biggest in fact, for any month since December, 1964, when the American economy was already recovering from a recession.

The strongest component of this increase was in orders for new durable goods—electrical machinery, cars, parts and primary metals—which rose 9.7 per cent. Non-durable orders rose by 3.3 per cent after falling by 1.9 per cent in March.

Taken together with the latest batch of leading economic indicators, which rose by a record 4.2 per cent in April, these figures have been greeted with obvious satisfaction by President Ford's senior economic advisers.

Mr. Alan Greenspan, chairman of the President's Council of Economic Advisors, said yesterday that the outlook for the next six months was "not pessimistic at all." He added that real economic growth could be stronger than the 8.5 per cent projected for 1976 in the Administration's latest forecast, which also predicted a copper, that expected downturn for this year.

A somewhat contrary opinion is revealed, however, in the quarterly survey of 50 leading economic forecasters just published by the American Statistical Association and the National Bureau of Economic Research. This found a strong consensus that the economy will start turning up in the third quarter, but warned that the recovery, at least until the middle of next year, is likely to be relatively slow.

The speed and strength with which economic growth gets under way continues to be a subject of major uncertainty in many quarters. Despite the recently improved economic statistics, there is a growing belief that the expected upturn may prove cautious and that stock liquidation still has some way to go.

It is pointed out that stock levels remain unusually high in relation to sales in several key basic industries, such as steel, chemicals and non-ferrous metals, where manufacturers have successfully resisted until

now pressures to cut their prices. Some independent economists are now suggesting that a price break may become inevitable later this year and that the manufacturers will have to begin liquidating stocks in the fourth quarter.

The continuing weakness in the steel industry is underlined by the report that output last week fell for the ninth consecutive week and is now at its lowest level since the start of 1972. One of the second-tier steel companies, Jones and Laughlin, has announced that it has been forced to close down temporarily its entire Pittsburgh production plant.

The depressing state of the motor and housing industries also leaves a question-mark over the speed of the general recovery. While a sharp rise in the report that output last week fell for the ninth consecutive week and is now at its lowest level since the start of 1972. One of the second-tier steel companies, Jones and Laughlin, has announced that it has been forced to close down temporarily its entire Pittsburgh production plant.

A further element of uncertainty has been generated by the possibility that the OPEC nations may try to raise oil prices in the later part of this year. While this has been the subject of considerable discussion in diplomatic circles in Washington, its probable impact on the expected U.S. economic recovery does not appear to have been taken into account so far either by Government economists or by the stock market.

Governor pushes NY aid plan

BY JAY PALMER

NEW YORK, June 3.

GOVERNOR CAREY, well aware of New York City's imminent cash shortage, is pushing hard to get a quick acceptance for his recently announced rescue plan. Tentative legislation to create a special new State agency to aid the city was shown to legislative leaders last night while the four-man team, who came up with the idea, are to-day in Washington to brief Federal officials.

Provisional details of the new agency, probably to be called the "Municipal Assistance Corporation," are being kept secret for fear that premature publicity would force New York City Mayor Beame to veto the idea. One potentially serious snag centres on the Mayor's declared stand against the agency assuming any of City Hall's present fiscal and budgetary powers.

At a Press conference last night, Governor Carey made it clear that the agency would be dominated by State appointees. At the same time, the Governor revealed that the authority of the agency was being left vague enough for it to be able to come to the rescue of other financially ailing cities in the future.

Although the Governor refused to commit specific plans, it is being widely assumed that the new agency will buy up the city's debilitating short-term debt and replace these borrowings with its own long-term bonds.

For obvious reasons, this plan demands the active co-operation of the city's bankers who have, on previous occasions, refused to lend any more funds. The city's cash-flow problems are fast becoming acute. Last week only a last-minute cash

advance from the State prevented New York from being unable to pay its debt and by the end of this week its cash shortage is expected to exceed \$90m. In the middle of next week, on June 11, the deficit will reach nearly \$1bn. when city borrowings reach maturity.

However fast the new agency is created, it seems certain that nothing can be done in time to avert the shortage occurring at the end of this week.

Several alternative, temporary solutions are currently being discussed including the possibility of further State aid and formal requests asking city creditors to roll over their loans for a brief period.

The precise degree of involvement in city finances by the new agency has apparently not yet been finalised. Two schools of thought exist—one content with the agency merely settling maturing borrowings and spending limits and the second demanding further involvement to prevent the city from finding loopholes in the restrictions.

Meanwhile, the second prong of the city's financial problems, Mayor Beame's drastic city economies to solve the coming year's budget deficit—continue to attract attention.

Union leaders are still protesting the planned job cuts while evidence is increasing that the lay-offs will hit recently employed minorities such as Blacks and women the hardest. Politics, too, is entering the picture, with the City Budget Bureau, which is currently preparing a list of schools, parks, libraries and fire stations to be

closed, admitting that "a special effort is being made" to make voters in certain districts aware of their elected representatives' opposition to the new budget.

This strategy, which has yet to be put into effect, seems to reflect concretely the Mayor's publicly expressed anger at the city's seven Republican Senators who came out earlier against the State giving any aid.

● Reuter adds: A group of unions, led by the firefighters, yesterday pulled nearly \$14m. out of the First National City Bank and charged it with failing to help the city.

Several major banks here, particularly First National, the largest New York bank, have been criticised for refusing to buy \$280m. worth of city bonds offered last month.

Argentina to get 'action plan'

By Robert Lindley

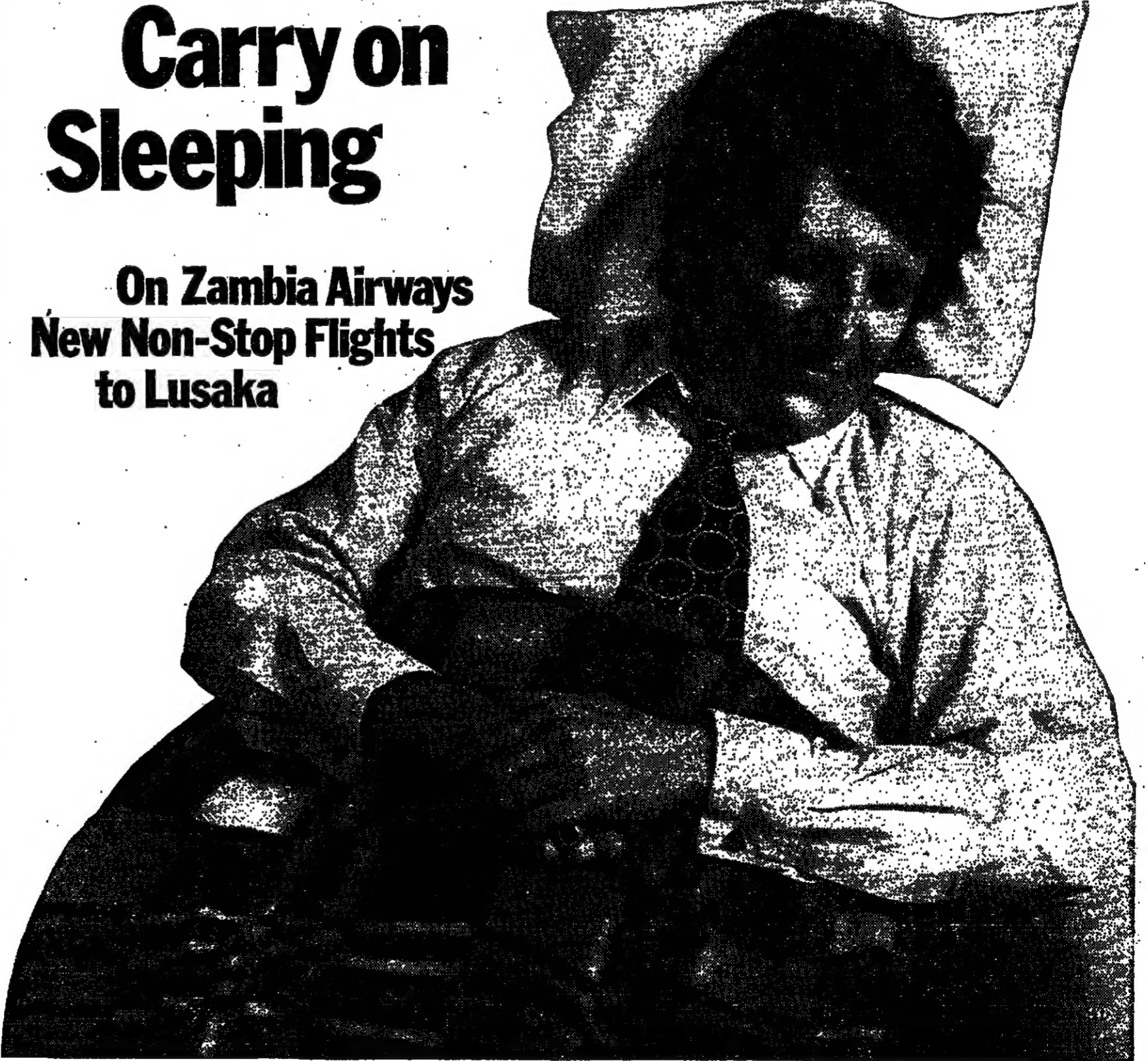
BUENOS AIRES, June 3.

CELESTINO Rodrigo, sworn yesterday as the third economy minister since the Peronists resumed power two years ago, has announced an "action plan" which will emphasise a crack down on speculators.

The new minister promised measures, "however daring they may be," to combat not only speculators but the huge fiscal debt and the declining productivity which, he said, is the cause of the current shortages and the black market.

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EUROPEAN NEWS

Portugal's conservatives threaten to quit

BY JANE BERGEROL

LISBON, June 3.

IN A FIRST aggressive stand against the Armed Forces Movement, Portugal's small conservative party, the CDS (Centro Democrático Social), is threatening to withdraw its dozen deputies from the Constituent Assembly unless a leading party member is either released from prison or charges are brought against him.

CDS national executive member Rui Pena was arrested at night in his house by Maoists, interrogated and later handed over to Copcon military security forces along with other prisoners of the Marxist MRPP.

From the RALIS, Left-wing Lisbon Light Artillery Regiment barracks, he was transferred to Caxias Prison. That was a fortnight ago and no charge has yet been brought against him.

The CDS have told the Supreme Revolutionary Council that unless charges are brought against him — in which case, if they stick and he is implicated in a Right-wing coup, he will be expelled from the party — he must be released. Otherwise the CDS Deputies will withdraw from the Constituent

Assembly. In some ways, the issue is a heaven-sent opportunity for the party to re-emerge into the legitimate limelight, following its threatening to withdraw its dozen deputies from the Constituent

Meanwhile, the Popular Democratic Party is itself holding the centre of the political stage to-day following a lengthy interview of its new 73-year-old leader, in PDP terms is via social democracy.

By implication, Dr. Guerreiro was placing the PDP distinctly beyond the bounds of other West European Social Democratic parties. He also criticised Sweden and said bluntly: "I think the march to socialism has stopped there."

Party officials are commenting uneasily on the sequestration of the Revolutionary Council follows up its promises of last week with action — the PDP would most probably refrain from following Dr. Soares out of the coalition. Instead, they would remain and fight to change their influence and national image.

On the economic import restrictions imposed yesterday, economic observers feel the long list — now published in full in the official Gazette Diário do Governo — may be added to and some industrial sources were to-day suggesting the government is looking at restrictions on car assembly plant activities in order to save foreign exchange.

Some civil servants are reportedly arguing that much of the import bill comes from imports of parts for the car assembly industry — all destined for the local market — and that, in a period of total austerity, such as forecast by the Prime Minister, it would not be a bad thing to limit car assembly plant output and with it imports of semi-finished materials.

The Portuguese gave advance notice of the country to the EEC, EFTA, and the OECD. It gave as its reason a Esc.16,500m. (about £275m.) balance of payments deficit in 1974.

Reuter

Import surcharges listed

LISBON, June 3.

PORTUGAL HAS listed an extensive range of imports on which surcharges of up to 30 per cent. will be imposed until the end of the year.

The closely-typed 16-page list covered virtually all imports, including most raw materials and consumer goods but not oil, although petroleum by-products are included. The list ranges from communion wafers and false beards to cars.

The Government announced the surcharges on Sunday night, without giving full details. In an effort to stem the drain on gold and foreign currency reserves, the restrictions, the severest since the military took power last year, will hit ordinary workers hard and the Government has appealed for "temporary sacrifices."

Surcharges will be imposed on foodstuffs such as meat, eggs, cheese, yeast, mustard, salt,

margarine and most fruit. Children's foods, chocolates, corn flakes and biscuits, spirits, scents, tobacco, matches and clothes have also been hit.

The list includes chemicals, metals, timber, building materials, glass, and textiles, radio, record-players, tape-recorders, motor-cycles, watches, spectacles, vacuum cleaners, washing machines, cooking stoves and all other electro-domestic appliances. Other imports named include false beards, harpsichords, lavatory paper, Christmas decorations, whips, sewing needles, bells, roller skates, ping-pong tables, amber, ivory coral and sickles — but not hammers.

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Reuter

New national paper for France

BY GILES MERRITT

PARIS, June 3.

FRANCE may get a new national daily newspaper by the autumn or winter of this year. It will be a serious, independent morning paper likely to rival the financially troubled Le Figaro. To be launched by the Express group, which publishes the weekly news magazine L'Express, the newspaper will initially run to between 16 and 24 pages daily with an expected circulation of about 120,000. The morning paper is still very much on the drawing board, the object of a number of feasibility and production studies, but it is nevertheless a project within a month. The management of the Express group, announcing the new venture to the magazine's staff last night, stressed that a go-ahead decision could be taken as soon as the first weeks in July.

News of the Express group's plans have finally put an end to reports that M. Jean-Jacques Servan-Schreiber,

founder and owner of the successful news magazine, would buy financial control of Le Figaro from its octogenarian proprietor M. Jean Prouvost. No doubt the fact that Le Figaro is now reportedly losing \$500,000 annually weighed heavily in M. Servan-Schreiber's decision to employ instead spare editorial capacity from his magazine.

The announcement contrasts markedly with the other two outstanding developments in the French press to-day. Journalists at the country's largest circulation newspaper, the Paris-based France-Soir, to-day went into the second day of a 48-hour strike called yesterday afternoon against the appointment of a new editor and the sacking of his predecessor. No editions of the evening paper appeared to-day and none are expected to-morrow, but the more serious situation still appears to be that of France-Soir's moribund equivalent, the popular, wide-circulation Parisien Libéré.

Last week, the Parisien Libéré dispute triggered a general 24-hour out of the country of all national dailies as the print unions sought to prevent the newspaper's management from producing "clandestine" copies in Belgium and trucking them into France. The general strike had been intended to pressure the newspaper's management into suspending its Belgian operation.

The move apparently failed, but the news to-day that all but one of the Belgian printing houses concerned to give in to international union demands and cease production could mean that as France gains one morning newspaper, it loses another. In spite of its 1.6m. readership, putting it number two in circulation stakes here, Le Parisien Libéré's financial straits have forced it to draw up the major cost-cutting redundancies plan now responsible for the printing dispute.

Irish link with £ may continue

BY DOMINICK J. COYLE

DUBLIN, June 3.

THE TRADITIONAL basis for the link between the Irish pound and sterling is likely to remain for some time to come, according to a special inter-departmental report prepared by civil servants for the Dublin Government on the economic consequences for Ireland of a U.K. withdrawal from the EEC.

The report of an eight-man committee, representing the departments of Finance, Foreign Affairs, Industry and Commerce, and Agriculture, is not being published, but it concludes that a reversion to third-country status for Britain — in the event of a withdrawal from the Community — would constitute the most adverse situation for this country.

The alternatives for Britain examined in the report are quantified in terms of their possible effects on the Irish economy. These are the execution of a formal trade arrangement between the U.K. and the EEC, which, in effect, would create a free trade area between them, and a temporary freezing of the trading situation obtaining at the time of any withdrawal.

Ministers here remain confident that Thursday's vote will produce a significant "yes" in favour of continued British membership, but the conclusion of the inter-departmental committee that the present link with sterling should be maintained, whatever the U.K. decision, may surprise

many people here, particularly in view of the recent demands in both political and academic circles for a break in the parity. The report notes that roughly half of Irish foreign trade comes from the U.K., though its importance relative to total foreign trade (particularly on the export side) had recently fallen.

The medium term economic consequences for Irish agriculture, the third country status for the U.K. assuming that Britain reverted to a cheap food policy with protection for U.K. producers where necessary, are estimated to amount to annual losses on farm exports of up to £37.5m. in the fifth year after withdrawal.

Investment from the U.K. would also decline — the inter-departmental committee suggests by roughly one quarter — but such a shortfall would be made up through increased direct investment by other countries "because of this country's advantages over the U.K. for serving the EEC market."

The report also seeks to quantify the consequences for the Irish economy were this country to follow any British decision to quit Europe. However, it does indicate a number of important areas including agriculture, industry and the special nature of cross-border trade within Ireland itself, where Dublin would be seeking special arrangements from the community in the event of a British withdrawal.

GERMANY AND FOREIGN INVESTORS

A fight among bankers

BY GUY HAWTHIN, FRANKFURT CORRESPONDENT

CONNOISSEURS of business politics have been treated to a rare spectacle in Germany during recent months — a protracted verbal slogging match between the nation's two top commercial banks.

Undertaken, Dr. Guerreiro was placing the PDP distinctly beyond the bounds of other West European Social Democratic parties. He also criticised Sweden and said bluntly: "I think the march to socialism has stopped there."

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On the economic import restrictions imposed yesterday, economic observers feel the long list — now published in full in the official Gazette Diário do Governo — may be added to and some industrial sources were to-day suggesting the government is looking at restrictions on car assembly plant activities in order to save foreign exchange.

Some civil servants are reportedly arguing that much of the import bill comes from imports of parts for the car assembly industry — all destined for the local market — and that, in a period of total austerity, such as forecast by the Prime Minister, it would not be a bad thing to limit car assembly plant output and with it imports of semi-finished materials.

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Reuter

new about the idea, since its introduction was advocated in the 1960s to meet the challenge of American investment.

One reason for the German sensitivity to foreign investment is the comparative vulnerability of many West German concerns to takeover. There is a complex web of cross-holdings with large blocks of shares in major concerns held not only by the banks but by other private concerns, such as the Quandt or Flick group.

Middle East interest in investing in West Germany became apparent last year. Iran's acquisition of a 25.04 per cent. holding in Krupp Huettenwerke, the steel-making company of the Krupp concern, last July excited great interest though little antagonism. Indeed, Herr Ulrich of the Deutsche Bank pointed out that the deal made considerable sense. It was the acquisition of a 14 per cent. interest in Daimler-Benz by the Government of Kuwait that sparked the present controversy. The deal, closed in November, was put together in great secrecy by Herr Ponto's Dresdner Bank.

It involved the sale of the Quandt family's stake in the motor concern and the tranche had been on the market for about two years before the Kuwaitis showed an interest.

None of the enthusiasm shown for Iran-Krupp deal was in evidence in Bonn when the Daimler sale was announced. The Government was irritated by the secrecy with which the deal was arranged. Questions of a banker's relations with its clients apart, it is, however, hard to see how the Dresdner Bank could have arranged the deal without maintaining a mantle of secrecy.

Herr Ulrich — whose bank itself holds more than a quarter of Daimler-Benz — attacked immediately, condemning the action of the Dresdner Bank. Herr Ponto stressed that

the investment was purely a financial one and that there was to be no Middle East influence on the management. The Bonn Government stated that it had no intention of seeking powers to veto company decisions but added that it should be fully informed of any such move.



Franz Heinrich Ulrich

about transactions involving an inflow of foreign capital.

The next development was an announcement that the Deutsche Bank had paid some DM.2m. (about £370m. at current rates) for a 20 per cent. stake in Daimler-Benz from the Flick family to prevent it falling into foreign hands. Another 10 per cent. was held by the Quandt family by far West Germany's largest share deal since the war, and gave the bank a majority interest in the motor concern. Later, news came from Iran that the foreign hands had been those of the Shah.

Then, early this year, Herr Ulrich announced that the Deutsche Bank supervisory and executive boards were to propose a limitation of voting rights in their own company to the Annual

Meeting. In this he was preceded by Mannesmann and closely followed by BASF. The Deutsche Bank AG in Hamburg just over a week ago agreed, albeit in the face of stiff opposition, to curtail voting rights for individual shareholders to no more than 5 per cent. of total equity.

Herr Ulrich pointed out to the Financial Times that it was not a move he would recommend for any more than a limited number economically and technologically strategic concerns such as the Deutsche Bank. The question was something of an academic one at present for his shareholders, he said, as no single holding exceeded 5 per cent. and were very much smaller. However, it was vital to preserve the independent character of the bank. Throughout its history, it had always enjoyed the independence that resulted from having no large individual shareholders.

Explaining the thinking behind the bank's Daimler-Benz acquisition he said it was one of the "special cases" where foreign political influence could not be embarrassing but detrimental to German interests. The Deutsche Bank was not anti-Arab — it had maintained this policy for many years. Foreign Governments, including Arab ones, were well aware of the dangers involved in strategic industries falling into foreign hands.

In certain circumstances, Herr Ulrich said, he would not oppose to foreign participation even in "special case" concerns — for instance where the German concern received reciprocal rights to participate in key sectors of the purchasing country's industry (as, arguably, happened in the Krupp case).

Opponents of limitation attack it on many grounds, not least that of inefficiency. Even the Matthias Seefelder, Chief Executive of BASF, a supporter of the cause, admits that there is little that can be done to prevent

individuals working in concern. This, of course, means there is hardly any defence against the already strong position of the opponents of the idea. "It will give them jobs for life provided they don't fall out among each other," one foreign banker said. More moderate opponents say that this would be true only in the case of already powerful executives who in any case have little problem with shareholders or the supervisory boards on which they are represented. Where there is a shareholder in a majority or near-majority position, he is in any case not going to vote to curtail his rights.

Perhaps the most cogent and unemotional case against the limitation of voting rights is put by Herr Ponto. His strongest argument has been purely economic. Limiting shareholders' rights is going to make it harder to find venture capital, with which West Germany is not in any case provided to excess. For years, Herr Ponto says, German industry has been excessively attached to self-financing. The present is a critical time for German industry, and increased capital investment is the only way to combat the detrimental effects of repeated re-evaluation of the D-mark on the country's international competitiveness.

German industry, Herr Ponto argues, is in no position to fund all its investment requirements. Foreign investment in the Federal Republic is required if the vitally needed capital projects are to be fulfilled. *Stimmrechtsbeschränkung* will discourage foreign capital and, therefore, itself, he discourages.

Glowing tribute to Italy's Atlantic role by Ford

BY ROBERT GRAHAM

ROME, June 3.

PRESIDENT FORD to-day paid glowing tribute to Italy's role in the Atlantic alliance and to the special ties that bound Italy and America. This affirmation of American support for and friendship with Italy was the keynote of the U.S. President's brief ten-hour visit here.

President Ford flew in this morning from Salzburg after his series of meetings with Egyptian President Sadat. Exceptional security measures were in force, but, unlike U.S. Secretary of State Dr. Henry Kissinger's visit here last autumn, there was no former President Nixon in 1968 — there were no violent incidents.

Compared with the rest of his European tour, President Ford's discussions here touched on no contentious issues. After first meeting with President Leone and then luncheon with members of the government, President Ford then held talks with the Prime Minister, Sig. Aldo Moro.

The main theme of the discussions was to emphasise both countries' commitment to the Atlantic alliance. President Leone, in his welcoming speech, attached to the results of the Nato Summit in Brussels last week. President Ford, in reply, repeated his pledge to give America's full support to Europe.

The talks by all accounts were very relaxed and clearly the

Italians are pleased that President Ford should have chosen to end his European tour here. With the opening of the Suez Canal, the unresolved Arab-Israeli conflict and the still early moves to settle outstanding problems between Greece and Turkey, Italy feels especially exposed in the alliance.

On the purely domestic level, the propaganda value of President Ford's visit is unlikely to be missed by the Christian Democrat-dominated Centre-Left coalition. Almost certainly it will be exploited in the regional election run-up as proof of America's continued support for a government without the Communists.

The Americans themselves have scarcely concealed their continued opposition of the Communists coming into the government, even though the Communist Party official policy is against pulling Italy out of NATO.

Only recently a senior Communist Senator, Giorgio Napolitano, was refused a visa for a lecture tour in the U.S. According to Sig. Napolitano this visa was refused by Dr. Kissinger himself.

For President Ford, the main benefit he is likely to have gained from his visit here is the kudos with Catholic and Italian ethnic voters back home of having met the Pope. The Pope received him late this afternoon in a private audience.

Denmark to keep option on the F-16

By Hilary Barnes

COPENHAGEN, June 3.

THE SOCIAL Democratic Government intends to stick to its decision to buy the American F-16 fighter-interceptor aircraft in spite of a last-minute cut price offer yesterday by Sweden's Viggen Eurofighter, said Mr. Anker Joergensen, the Prime Minister, here to-day.

But members of the Social Democratic Parliamentary group are requesting that the deal should be looked at once again. The Swedish offer undercuts the price tag of the F-16 and therefore changes the basis on which the government decided to approve the purchase of the American aircraft.

Denmark has opted for the F-16 on condition that its NATO allies, Belgium, Norway and Holland also agree to buy this aircraft. The deadline for the four nations to sign a letter of intent to purchase with the American company General Dynamics is June 10. The Danish government hopes to receive final Parliamentary authorisation for the deal on Friday.

Decision by Belgium due soon

THE HAGUE, June 3. BELGIAN Prime Minister Leo Tindemans said here to-day his Cabinet hoped to take a decision later to-day on whether to choose the F-16 or the French Mirage F-1 as a successor to its ageing U.S. Starfighters.

Mr. Tindemans, speaking at a Press conference after two days of talks with Dutch leaders on European union, said Belgium wanted to take a quick decision at to-night's Cabinet meeting or, if not then, at its meeting on Friday.

He added that he would hear a report at the meeting to-night from his Defence Minister, Mr. Paul Vanden Boeynants, who returned to Brussels earlier to-day after negotiations in Washington with U.S. Defence Secretary James Schlesinger on the possible Belgian purchase of the F-16.

Mr. Tindemans emphasised that the Belgian Cabinet had still not decided which of the rival planes to choose. "No decision has been taken... we were waiting for the return of Mr. Vanden Boeynants," he said.

Belgium, Holland, Denmark and Norway have formed a consortium to buy a common replacement fighter. Belgium holds the key to the joint deal since its three other Nato partners have come out in favour of the F-16.

ILO REPORTS ON DISCRIMINATION

GENEVA, June 3.

WOMEN suffer discrimination in job opportunities as well as in pay and general working conditions, according to reports published by the International Labour Organisation (ILO). To correct the situation, the ILO is pressing for the adoption of a series of guidelines at its annual assembly starting on June 4.

Artificial island could provide 30,000 jobs

BY MICHAEL VAN OS

THE HAGUE, June 3.

A STUDY into the feasibility of establishing an "industry island" in the North Sea, which has taken about two years to complete, is now being put to a public inquiry in the Netherlands. The extremely detailed report has selected a location 40 miles west of Hook of Holland — outside Dutch territorial waters but on a continental shelf — as the most suitable site for the 12,700-acre artificial island. It would cost around Fl.65m., taking future price rises into consideration, and take seven or eight years to complete.

The report, published in The Hague to-day, has been prepared by a Dutch company called Hydronamic for the so-called North Sea Island Group in which 28 almost exclusively Dutch companies co-operate. As far as the realisation of the project is concerned, all hopes are now pinned on the Dutch Government. Very recently, an inter-departmental commission began work on an evaluation of the plans under the chairmanship of Mr. Barend Biesheuvel, the previous Dutch Prime Minister. Members of the Island Group therefore put much significance on the fact that the Dutch waterways and traffic authorities had agreed to allow one of its boats to moor on the proposed island in the North Sea on the day of the presentation of the feasibility study. A Press visit included a helicopter flight over the area.

Companies

The companies include well-known names such as Shell, Philips, Amro Bank, Van Oommere, Paktkant, as well as Bos Kalk Westminister, whose idea, the island was, and P. & O. Nya Asfalt (Axel Johnson group) and Fechinier Ulfine Kuhlman. The group has rejected the suggestion that the present economic downturn has made the North Sea island proposition less attractive. The report points

out that the Rotterdam area is becoming saturated as far as industrial expansion is concerned, and is earmarked for more industrial activities once the Rotterdam area is expanded. When the Rhine-Danube connection is opened shortly for push barges the hinterland will be extended deep into Russia. The geographically privileged position of the region would stimulate the demand for high-grade industrial sites available in Holland and indicates the growing public opposition in the Rotterdam region towards further industrialisation there.

Unemployment

With unemployment very high in Holland (running at about 8 per cent.), particularly in the building industry, it is not surprising that the group is stressing the employment aspects of the project. Besides considerable volume of work that goes into the island's construction, it is estimated that eventually as many as 30,000 people could find jobs there. Working on a shift basis, staff would be flown in by helicopters which meant that workers could be recruited from the nearby unemployment areas such as Brabant province.

The group also points to the considerable sums of money the Dutch Government has allocated for measures to stimulate building industry in general. An industry island could be the site of any investments that were not desirable on land; for example, for safety or environmental reasons. The Dutch Gasunie has been invited to build its planned liquefaction facilities there while the construction at a future date of a nuclear power station is not ruled out.

ART GALLERIES

AGNEW GALLERY, 43 Old Bond St. W.1. Exhibition of Recent Acquisitions, until June 10. 10-6 p.m. Tues. 5-8 p.m. 7-9 p.m.

ANTHROPOLIS GALLERY, Specialists in Fine Art, Modernism, Post-war, etc. 10-6 p.m. Tues. 5-8 p.m. 7-9 p.m.

LIGER GALLERY, Exhibition of English Paintings, 1800-1974. Memorial Exhibition, 10-6 p.m. Tues. 5-8 p.m. 7-9 p.m.

MAAS GALLERY, RANDOLF FLETCHER 1908-1974. Memorial Exhibition, 10-6 p.m. Tues. 5-8 p.m. 7-9 p.m.

GALLERY AZITA, 7 Church Road, Wimbles. 10-6 p.m. Tues. 5-8 p.m. 7-9 p.m.

CINEMAS (Cont.) SEVEN THEATRES, 430-432, 434-436, 438-440, 442-444, 446-448, 450-452, 454-456, 458-460, 462-464, 466-468, 470-472, 474-476, 478-480, 482-484, 486-488, 490-492, 494-496, 498-500, 502-504, 506-508, 510-512, 514-516, 518-520, 522-524, 526-528, 530-532, 534-536, 538-540, 542-544, 546-548, 550-552, 554-556, 558-560, 562-564, 566-568, 570-572, 574-576, 578-580, 582-584, 586-588, 590-592, 594-596, 598-600, 602-604, 606-608, 610-612, 614-616, 618-620, 622-624, 626-628, 630-632, 634-636, 638-640, 642-644, 646-648, 650-652, 654-656, 658-660, 662-664, 666-668, 670-672, 674-676, 678-680, 682-684, 686-688, 690-692, 694-696, 698-700, 702-704, 706-708, 710-712, 714-716, 718-720, 722-724, 726-728, 730-732, 734-736, 738-740, 742-744, 746-748, 750-752, 754-756, 758-760, 762-764, 766-768, 770-772, 774-776, 778-780, 782-784, 786-788, 790-792, 794-796, 798-800, 802-804, 806-808, 810-812, 814-816, 818-820, 822-824, 826-828, 830-832, 834-836, 838-840, 842-844, 846-848, 850-852, 854-856, 858-860, 862-864, 866-868, 870-872, 874-876, 878-880, 882-884, 886-888, 890-892, 894-896, 898-900, 902-904, 906-908, 910-912, 914-916, 918-920, 922-924, 926-928, 930-932, 934-936, 938-940, 942-944, 946-948, 950-952, 954-956, 958-960, 962-964, 966-968, 970-972, 974-976, 978-980, 982-984, 986-988, 990-992, 994-996, 998-1000, 1002-1004, 1006-1008, 1010-1012, 1014-1016, 1018-1020, 1022-1024, 1026-1028, 1030-1032, 1034-1036, 1038-1040, 1042-1044, 1046-1048, 1050-1052, 1054-1056, 1058-1060, 1062-1064, 1066-1068, 1070-1072, 1074-1076, 1078-1080, 1082-1084, 1086-1088, 1090-1092, 1094-1096, 1098-1100, 1102-1104, 1106-1108, 1110-1112, 1114-1116, 1118-1120, 1122-1124, 1126-1128, 1130-1132, 1134-1136, 1138-1140, 1142-1144, 1146-1148, 1150-1152, 1154-1156, 1158-1160, 1162-1164, 1166-1168, 1170-1172, 1174-1176, 1178-1180, 1182-1184, 1186-1188, 1190-1192, 1194-1196, 1198-1200, 1202-1204, 1206-1208, 1210-1212, 1214-1216, 1218-1220, 1222-1224, 1226-1228, 1230-1232, 1234-1236, 1238-1240, 1242-1244, 1246-1248, 1250-1252, 1254-1256, 1258-1260, 1262-1264, 1266-1268, 1270-1272, 1274-1276, 1278-1280, 1282-1284, 1286-1288, 1290-1292, 1294-1296, 1298-1300, 1302-1304, 1306-1308, 1310-1312, 1314-1316, 1318-1320, 1322-1324, 1326-1328, 1330-1332, 1334-1336, 1338-1340, 1342-1344, 1346-1348, 1350-1352, 1354-1356, 1358-1360, 1362-1364, 1366-1368, 1370-1372, 1374-1376, 1378-1380, 1382-1384, 1386-1388, 1390-1392, 1394-1396, 1398-1400, 1402-1404, 1406-1408, 1410-1412, 1414-1416, 1418-1420, 1422-1424, 1426-1428, 1430-1432, 1434-1436, 1438-1440, 1442-1444, 1446-1448, 1450-1452, 1454-1456, 1458-1460, 1462-1464, 1466-1468, 1470-1472, 1474-1476, 1478-1480, 1482-1484, 1486-1488, 1490-1492, 1494-1496, 1498-1500, 1502-1504, 1506-1508, 1510-1512, 1514-1516, 151

OVERSEAS NEWS

Syria gives Iraq Euphrates water

DAMASCUS, June 3. — Syria today announced it would provide Iraq with water from the Euphrates river, a move which would end a long-standing dispute between the two countries over the river's waters. The announcement came in a statement issued by the Syrian Press Agency, which said that the decision was reached after a series of negotiations between the two governments. The statement also said that the decision was taken in the context of the recent summit between President Sadat of Egypt and President Ford of the United States, which had led to a general reduction of tensions in the area.

Beirut clashes may cost economy up to £200m.

BEIRUT, June 3. — Life begins to return to normal here, but the economic damage caused by the recent clashes in Beirut is estimated to be as high as £200 million. The city's business community is still reeling from the impact of the violence, which has disrupted trade and industry. The damage is being assessed by the Lebanese government, which is also trying to restore order in the city. The clashes were the result of a power struggle between the various factions in the city, and have led to a loss of confidence in the government.

Libya atomic centre poses no threat

LIBYA, June 3. — A Soviet Union agreement on Monday, coming hard on the heels of Moscow's conclusion of a large weapons deal with Col. Khedafi's Government, is not regarded in Western diplomatic circles as a serious threat to the nuclear bomb which will be the centerpiece of the report by ARNA, the official Libyan news agency, phrased that the centre would be for peaceful purposes. Beyond that, it is pointed out that the Soviet Union is not a signatory to the nuclear proliferation treaty, but in office has also shown a concern that the spread of nuclear weapons globally purposes. His Government has also had talks with India about the possible construction of a nuclear or atomic plant in Libya.

Whitlam quells revolt

CANBERRA, June 3. — Prime Minister Whitlam today quelled a revolt by Deputy Prime Minister Jim Cairns over a reshuffle of the Cabinet. Cairns had threatened to resign if he was not given a more prominent position in the Government. Whitlam, however, insisted on his right to reshuffle the Cabinet as he saw fit. Cairns eventually backed down, and the reshuffle was completed without further incident. The episode highlighted the tensions within the Labor Government, but Whitlam's authority was reaffirmed.

Korean criticises Japan

TOKYO, June 3. — South Korea's Prime Minister, Park Chung-hee, today criticised Japan's economic policy, saying it was "unfair and discriminatory". Park said that Japan's policies were harming the Korean economy and that the Japanese government was not doing enough to address the issue. He called for a more balanced and equitable relationship between the two countries. The criticism came in the context of ongoing trade disputes between South Korea and Japan.

Discount rate may be cut

TOKYO, June 3. — The Bank of Japan today said it was considering a cut in its discount rate, which is currently at 5.5 per cent. The move would be the first since 1973, and is seen as a response to the current economic situation. The Bank said it would be taking into account the latest data on inflation and economic growth. A cut in the discount rate would likely lead to a decrease in interest rates, which could stimulate borrowing and investment.

AFTER THE FORD-SADAT SUMMIT

A squeeze on Israel

BY ALAIN CASS IN SALZBURG

THE FIRST THING to be said about the Salzburg Summit of the U.S. and Egyptian Presidents, see President Sadat before Mr. Dr. Henry Kissinger's protestations notwithstanding, is that it was designed to exert pressure on Israel. The pressure was subtle and oblique, but it was real. It also went some way towards defining the outline of the eventual results of the U.S. reassessment of its Middle East policy.

It would be difficult for President Ford, faced with strident support in Congress for Israel and a presidential election next year, to be too explicit about this, at any rate not until after he meets Mr. Itzhak Rabin, the Israeli Prime Minister, in Washington later this month and listens to what he has to say. But the message was clear enough. There has been a high Egyptian official carefully phrased it: "the beginning of a change" in U.S. policy. America's historic, open-ended and unquestioning support of Israel is being redefined, and the Egyptians feel, in their favour. President Ford's emphasis on a solution based on Security Council Resolution 242 — which calls for the return of occupied Arab territory — the stress placed upon the fact that the level of U.S. aid to the Middle East will not be determined until after the reassessment is complete (which means of delaying delivery of arms to

Israel), and the very fact of course, that Mr. Ford chose to see President Sadat before Mr. Rabin cannot have been interpreted in any other way. These facts appear to have been grasped by the Israelis who chose to time the expected announcement of a unilateral withdrawal of some of their forces along the Suez Canal for maximum effect. The Egyptians have firmly stressed that the withdrawal, and the passage of Israeli non-strategic cargo through the canal, do no more than clinch the first disengagement agreement. It remains to be seen whether Mr. Rabin's Government can get any more than temporary relief from this astute move.

What America's final objectives are likely to be cannot yet be judged with any degree of certainty, partly because they are likely to shape up in response to the level of pressure which both sides can bring to bear in the Administration and Mr. Ford will not be able to judge this fully for some time yet. But the Egyptians, at any rate, are going back to Cairo convinced that the enormous political risks which Mr. Sadat has been taking since the Arab summit in Rabat last October by appearing conciliatory and which have got him into such trouble with Syria and the Palestinians (the most significant of which remains the opening of the Suez Canal) are appreciated

in Washington and that, if he can, Mr. Ford will see to it that they meet with a suitable response. "Our pre-emptive peace strike looks as if it is going to pay off" is how one Egyptian put it, perhaps a little prematurely.

Israel has started thinning out its forward troops and weapons near the Suez Canal and will complete the operation overnight, Defence Minister Shimon Peres announced at the Mitzra Pass yesterday.

He told reporters at an advance Israeli outlook post here that the withdrawal of 3,500 troops together with some tanks and artillery and missiles, announced yesterday, would be finished by 03.00 GMT to-morrow.

Michael Tingay writes from Cairo: Military sources here said that when the Israeli artillery, which includes the 155mm howitzers and bigger 175mm guns, is pulled back to 20 miles from the waterway they will be so close to the critical range distance as to be very inaccurate.

President Sadat did not, of course, get a bald U.S. affirmation of the "inadmissibility of the acquisition of territory by force," but he feels that he has enough to be getting on with. In the light of Syria's recent extension for six months of the U.N. force's mandate on the Golan Heights, against an expected two-month prolongation, King Khalid of Saudi Arabia's affirmation that the Arabs would be willing to make peace with Israel in return for territory and a national home for the Palestinian people, and the general reduction of tension in the area, he has bought himself time to operate more freely. A postponement of the Arab Summit from June 30 to July 10 would further help to ease the pressure on him. What has also emerged from the series of meet-

ings between the two Presidents is that Mr. Sadat sought, and appears to have established, a direct relationship with Mr. Ford separate from that which has been established with Dr. Kissinger. Mr. Sadat's staff have been profoundly influenced by two facts which appear to have played a central part in the preparation of the President for this encounter. The first is simply that Dr. Kissinger failed to deliver a settlement last time round and that his position within the Administration in the face of the growing hostility within Con-

gress has been weakened particularly since the debacle in South-East Asia. The second is that President Ford needs some significant foreign policy success to carry through to the election in 1976 and that the Middle East may well be his chosen issue. Mr. Ford's announcement that the U.S. will put a plan of its own at the end of the reassessment tends to confirm this. In any case Mr. Sadat now appears to feel that relying on Dr. Kissinger alone to extract concessions from Israel is insufficient and that Mr. Ford is a better bet to assure both a stable and continuous relationship with the U.S. as well as support powerful enough to push through a new and possibly contentious policy.

Of course, to what extent Mr. Ford really is doing the driving, and to what extent Dr. Kissinger is giving directions from the back seat is open to question. Certainly Dr. Kissinger remains the most effective instrument either side have for working out the mechanics of an agreement, but the fact that the Egyptians have been stressing the new relationship may be a straw in the wind.

Mr. Sadat now has to go home and persuade those Arabs whose support he will need in coming weeks that the second-stage agreement between Egypt and Israel, which is clearly the object of these talks, is also in their

interests. Almost certainly such an agreement, if it comes about, will have to include some concession to the Syrians, possibly in the form of a similar deal on the Golan Heights in quick succession followed by the Geneva Conference.

A much more intensive level of consultations between Cairo and Damascus can be expected within the next few weeks. President Sadat is unlikely to repeat his mistake of largely ignoring President Assad as he did before Dr. Kissinger's abortive attempt at an agreement last March. The Syrians for their part appear to take the point (influenced no doubt by the Soviet Union) that an attempt at an overall settlement at Geneva requires careful preparation, since a failure at Geneva would lead to war, and that interim agreements may be one way of doing this. The Palestinians, on the other hand, are unlikely to be so easily satisfied since Mr. Sadat appears to have got nothing out of Mr. Ford for them and Mr. Yassar Arafat's commitment to a negotiated settlement may come under heavy pressure.

The final word will rest with Israel; and the answer to the question of whether or not Israel will respond favourably to the pressures of Salzburg and whether those responses will be sufficient to get negotiations going again must await the Ford-Rabin meeting in ten days' time.

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HOME NEWS

Freeze urged on salaries over £10,000 a year

A FREEZE on salaries over £10,000 was called for yesterday by Mr. Derek Robinson, deputy chairman of the Pay Board set up by the Tories but abolished by Labour last July. The call came in his evidence to the Royal Commission on the distribution of income and wealth.

In his oral evidence to the commission, which is now considering incomes over £10,000, Mr. Robinson, Fellow of Magdalen College, Oxford, and chairman of the Social Science Research Council, said it was not possible for everyone in the present economic situation to maintain living standards.

"If one is allowed to generalise, those subject to your

terms of reference (those earning over £10,000) are better able to take the cuts than others," he argued.

Mr. Robinson was pessimistic about the economy for the first time for many years and thought more damage might be done to it by maintaining the differentials of the higher-paid by lowering them.

Challenged

Advocating his curb on higher salaries in particular in the private sector, he said: "This does feed through fairly strongly into the public sector and then percolates downwards as well."

He challenged the view that it was always necessary to provide

big financial incentives to attract top people. A great deal depended on the motivation of the people concerned. He felt that, particularly in the public sector, money might not be the only factor motivating higher salaries.

Mr. Robinson said that any adverse results of narrowing pay differentials would be less serious than the consequences of widening them.

If differentials were widened the social, economic and political consequences could be severe. Social divisions would be widened and deepened. And the inflationary process would be intensified as groups sought to maintain differentials.

Public ownership plan for ports worries hauliers

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE GOVERNMENT'S plans for the ports, particularly the intention to extend public ownership, have been attacked by the Road Haulage Association. The proposals "would seriously reduce the flexibility and efficiency of the ports in general and would have a wholly inhibiting effect on the operations carried out by road hauliers in relation to ports," says the RHA in a memorandum to Mr. and Mrs. Mulley, Minister for Transport.

The memorandum—setting out the views of the RHA on the consultative document issued by the Department of the Environment in April—adds that docks outside the Dock Labour Scheme, particularly those which are privately owned, are the most efficient in the country.

Also criticised is the proposal that a "port business" should include not only the loading or unloading of cargo in or from trading ships but also warehousing, sorting, weighing, movement, lightering or handling of cargo and the identifying, checking or recording of the goods involved.

Some of these activities, says the Association, are undertaken by road hauliers at premises throughout the country. "Bringing them under public control will not make them more effective than under private initiative—indeed it is likely to achieve the reverse. These activities need not be and, indeed, frequently

are not undertaken in a port area."

Much of the work concerned "is not in fact dock work and has for years been undertaken by road hauliers. The services are frequently provided by hauliers as part of the overall distribution of import-export goods and for purely domestic traffic. The activities were carried on in the same depot and by the same people in respect of both types of work."

"It would be illogical," it is argued, "to brand the whole business as port business and it would not be practicable to differentiate between the port and domestic activities and to apply public control only to one part. It would be equally impracticable and expensive to propose that separate establishments and labour forces should be set up to deal with the separate activities."

The efficiency of the non-scheme ports, especially those privately-owned, is attributed to four main factors: freedom from the inflexibility of the Dock Labour Scheme; good labour relations stemming from sensible negotiating machinery and high rewards for productive employees; responsible investment of capital in the modernisation of facilities to meet changing needs of customers; and the constant incentive to maintain efficient labour and economic services in the face of free competition.

The RHA has also sent to Mr. Mulley a list of 14 road schemes in England which it considers should be given priority in the road building programme. Account has been taken of the proposals for heavy lorry routes now under consideration and the substantial cuts in road expenditure owing to the economic situation. Routes in Wales and Scotland are also to be considered and will be taken up with the Welsh Office and the Scottish Office.

The recommendations for England are: East-West routes linking east coast ports and Midlands; Felixstowe-Harwich-M1; completion of the M2 to Hull; completion M19 from A1-Grimsby; A12 Great Yarmouth-Ipswich; A10 Kings Lynn-Cambridge; Pudsey-Dishforth motorway.

Completion of M25, M16 and M11; Extension of M20 Melford-Folkestone; North and South Circular routes (London); Improvements to road between North-East and Edinburgh; A66 Newcastle-Otterburn and A68 Otterburn-Scottish border.

Other recommendations are: Improvements to A66 Tees-side to West Cumberland road, particularly section Middleburgh-Carlisle; Extension of M3 Pooham-Southampton; Improvements Southampton-Middleburgh; Improvement A27, Uckfield-Stockbridge; Trans Pennine Motorway; A6(M) Manchester-Sheffield; and a new road from Humber Bridge to Darlington.

Drugs men warn on dearer research

By Ray Daffar

THE DRUG industry has warned that its research programme is being placed in jeopardy by declining profitability and increasing regulatory controls.

The warning, from the Association of the British Pharmaceutical Industry, follows the decision by Nicholas International to shut down its research and development unit at Slough, Berkshire. Some 120 redundant staff will be made redundant from July 1 and the remaining scientific staff of 50 will go over 12 months.

Some of the scientists will be offered alternative work in Melbourn which, with India, is being retained as Nicholas's research bases.

The company, which produces household-name products such as Aspro, Renesol and Radox, said that the U.K. unit was engaged in long-term research. Its closure reflected economic conditions. The cost of research had increased by up to 400 per cent in the past decade while the time required to synthesise and market a new discovery had more than trebled from three to ten years.

The decision by Nicholas confirms the warnings that the ABPI has been making in recent months. Increasing pressures on costs and profitability have been tarnishing the glossy image once held by the pharmaceuticals sector of the chemical industry.

Department of Health and Social Security figures show that the return on capital on drugs sold to the National Health Service was well over 27 per cent in 1967. In 1973 the return was 16.8 per cent.

The pharmaceutical companies argue that they need above-average returns to sustain their research endeavours. Yesterday the ABPI warned: "The cost of research and the declining profitability of the industry is creating a situation in which the research into the development of new medicines is being placed in jeopardy."

Returns on drugs sold to the NHS had reached a "dangerously low level." The search for new treatments to combat still unconquered diseases was being put at risk.

Licences

Furthermore, the Government's refusal to repeal the system of compulsory licensing of patented drugs—contained in the new White Paper on patent law reform—was undermining the confidence of the industry.

As it stands companies may apply for a licence to copy drugs marketed under patent protection by the innovator.

The Government has said it wants to retain this system to stimulate price competitiveness.

In spite of the problems, Syntex Pharmaceuticals, the British subsidiary of the American Syntex Corporation, said it was going ahead as planned with its new research centre near Edinburgh, which is expected to cost £2m. over the next 10 years.

No relief for chemists' headache Page 10

Labour MPs concerned over Redcar project

THE NORTHERN group of Labour MPs said yesterday that it was "deeply concerned" at the threat to the British Steel Corporation's £1,500m. complex at Redcar, Teesside.

Mr. Jack Dorman, Labour MP for Eastington and Secretary of the group, said in a statement the controversy surrounding the Redcar project would be placed on the agenda of a special group meeting when the Commons recess ended.

North East concern follows a report by the Welsh Office of the Labour Party calling for the Redcar development to be shelved. It said it would be wiser to invest in steelmaking at Shotton in addition to the full-scale development at Port Talbot.

ARMY DEPOT FIRE CAUSED £1M. OF DAMAGE

Officials yesterday issued a revised estimate of £1m. for the damage caused by the fire two weeks ago at the Army's Chesham Ordnance Depot, Northamptonshire. A spokesman at the depot said yesterday that the damage, originally estimated at £500,000, could have been worse if firemen had not acted quickly to save one-third of a huge store containing military equipment and stores. A man has been charged in connection with the fire.

Norwich Union in shops deal

By John Trafford, Property Editor

NORWICH UNION Life Insurance, in its biggest property deal for a long time, has bought the interests of Taylor Woodrow Industrial Estates and Capital and Counties Properties in Birmingham's New Street Station shopping complex for about £8.7m.

This deal means that Norwich Union has now gained a 100 per cent interest in the property. Previously the company and Red two partners each had a one-third share in a long leasehold on the property. The deal therefore suggests a current value of around £10m. on the completed development.

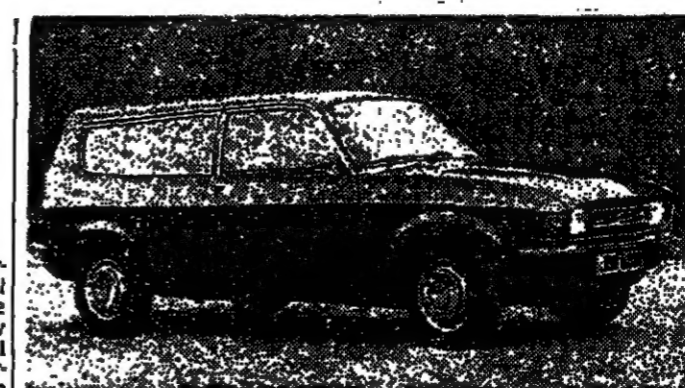
The purchase will boost the total value of Norwich Union Life's property portfolio to over £350m. It also emphasises the willingness of major U.K. institutions to invest heavily in freehold or long leasehold commercial property, provided it is well let and in a prime location.

The New Street Centre was developed by a partnership of Capital and Counties, Taylor Woodrow and Norwich Union, and has been operating since 1969.

PAPER INDUSTRY TRAINING LEVY

Mr. Michael Foot, the Secretary for Employment, has approved proposals for the Paper and Paper Products Industry Training Levy, a levy on employers within its scope equal to 1 per cent of their payroll in the year to April 5, 1975. Employers with a payroll of less than £55,000 will be exempt.

An order to this effect laid before Parliament yesterday by Mr. Foot comes into operation on June 23.



Allegro estate models to cost £1,880 and £1,976

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND'S long-awaited Allegro estate car comes on to the British market to-day priced at £1,880 for the 1300 cc model, and £1,976 for the 1500. It will be introduced in the Continent in the autumn.

The car effectively replaces the 1300 Countryman, which was phased out in 1973 when the Allegro was launched. BL claims that the Allegro estate, with a 53 cubic feet rear capacity, has 37 per cent more loadspace than the Countryman.

Hence the hopes that the new model will prove a better all-round competitor than its predecessor, selling both to the private market (where the main emphasis will be) and the fleet buyer.

To do this it will have to overcome the unfortunate reputation for quality which attached itself to the first Allegros, and BL has initially opted for a modest production rate of 250 estates a week.

This implies taking about 15 per cent. of the estimated 83,000 market for medium-size estates in the U.K.

Features of the new model include: a long, single-sheet rear window; a standard rear windscreen-wiper and washer and a carpeted loadspace.

Main competitors will be the Ford Escort estate (which is 4 inches longer) and imports such as the Citroen GS and Datsun Sunny estates, plus the range of foreign three-door tailgate models. BL estimates that while medium-size estates took some 6.4 per cent. of the U.K. market last year, vehicles with rear "tailgate" doors took another 5 per cent.

The £1,880-£1,976 price bracket for the Allegro estate compares with the Ford's which range from £1,610 to £1,990. The Allegro estate will not be increased in price later this month, when the rest of BL's models are expected to go up, along with the products of the other domestic manufacturers.

Early economic revival likely in Europe

BY MICHAEL BLANDEN

A SHARP DECLINE in the level of surplus of the oil-producing countries, coupled with highly expensive Government policies, could produce a revival of economic activity in at least some parts of Europe at the end of this year or the beginning of 1976, a leading Swiss banker said yesterday.

Mr. Felix Schulthess, chairman of Credit Suisse, said the rapid growth in the imports of the oil producers should cut their balance of payments surplus by over a third to about \$35bn. this year.

This would generate a similar increase in demand for the exports of industrial nations, with countries like Germany and France the major beneficiaries.

With highly expensive Government policies, he added, a number of powerful economic impulses were at work. Their effects were being felt mainly in the larger European countries at present, but would spread later to the smaller nations.

Mr. Schulthess was speaking in Geneva at the third economic conference organised by the Conference Board. He drew attention to the U.K.'s rapid inflation rate, "chiefly under the impact of extravagant social experiments," and to the uncertainty engendered by the threat of withdrawal from the EEC.

In contrast, however, he underlined the strength of the more "stability-oriented" economies such as Germany and France, where economic growth had slowed down but not stopped and where inflationary pressures were much less.

Commenting on the monetary situation, Mr. Schulthess emphasised the extremely tricky one-day point of view provided the starting point for a more complete monetary reform, he said.

Meanwhile, Mr. Schulthess saw the "danger of resurgent inflation loomed on the horizon" as a result of the prospective economic upturn. He asked whether "it would not be advisable for the governments of Western countries, instead of fixing their eyes on employment, to devote greater attention to the task of forestalling future inflationary pressures."

parts of Europe had taken place in the context of the "snake" arrangements for joint floating. The "snake-snake," with the addition of France and possibly Switzerland and incorporating countries outside the EEC, might one day provide the starting point for a more complete monetary reform, he said.

Meanwhile, Mr. Schulthess saw the "danger of resurgent inflation loomed on the horizon" as a result of the prospective economic upturn. He asked whether "it would not be advisable for the governments of Western countries, instead of fixing their eyes on employment, to devote greater attention to the task of forestalling future inflationary pressures."



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HOME NEWS

Civil aviation review submitted to Shore

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Government's review of civil aviation policy has now been completed and a report sent to the Secretary for Trade, Mr. Peter Shore.

A statement on the review is expected in the Commons before the summer recess at the end of July, but it is not yet settled whether the detailed text of the report will be published.

The review has been conducted solely by officials within the Department of Trade on the basis of evidence, both written and oral, submitted by the airline industry.

Basically, the aim has been to see whether the present mixed system of one major State-owned airline (British Airways) and several smaller privately-owned airlines (including British Caledonian) should be allowed to continue, or whether substantial changes should be made, such as the merger of British Airways and British Caledonian.

During the consultation period over the past few months, considerable concern has been expressed by the private airline sector—particularly Caledonian—of the possibility that the present Government might abandon the Conservative Government's policy of a mixed airline system.

That policy, enshrined in written "guidelines" to the Civil Aviation Authority, required Caledonian to be given preference over other independents in route awards to enable it to be

one of the major "second force" airlines in the U.K. Since the creation of Caledonian and the re-allocation of it of certain British Airways routes—notably those to West Africa—there has been substantial trade union hostility to the whole idea of the second-force airline, despite the fact that British Caledonian employs around 5,000 workers.

Virtually all the evidence sub-

mitted to the officials of the DoT by the independent airline sector, however, has urged the retention of a mixed airline system, with the privately-owned airlines being given a bigger opportunity to expand.

British Airways' evidence, although not published, is believed to have stressed that it should be given back those routes that were taken from it to help British Caledonian find its feet, and that the guidelines should be rewritten to remove the whole concept of a second-force airline.

The State airline is known to feel, for example, that Caledonian's incursion on to the North Atlantic scheduled route was not only damaging to British

Airways, but almost disastrous for Caledonian itself, resulting in the latter withdrawing its services last November. Some of the independent airlines are known to be bitter about the way in which British Airways has built up its inclusive-tour holiday flying, biting deeply into the market traditionally held by the independents themselves.

Monopoly

These operators feel that if there are any changes in policy as a result of the review, they should include cutting British Airways out of the inclusive-tour market, leaving this entirely to the independents, with the State airline retaining the monopoly of scheduled operations.

The DoT said yesterday that Sir Kenneth Selby, chairman and managing director of the Bath and Portland Stone group, will in addition become the chairman of the new Air Travel Reserve Fund Agency for three years from May 22 last.

The Agency has been set up by Act of Parliament to manage the special fund to give financial protection to people making overseas air travel bookings.

The Agency will also make payments to customers of certain air travel organisers, including Clarksons and Horizon, who failed last year, in cases where the existing bonding arrangements proved inadequate.

Boost for Anglo-Nigerian trade

Britain's exports to Nigeria in the first four months of this year had more than doubled to £131m, compared with the same period of 1972, and reflect the growing interest in Anglo-Nigerian trade, Mr. Peter Shore, Secretary of State for Trade, said in London yesterday.

Mr. Shore, who visited Nigeria in February, was welcoming a trade mission led by Chief Henry Fajana, president of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture.

Mr. Shore told the London Chamber of Commerce and Industry that a number of British trade missions would be going to Nigeria this year. And he forecast that the present visit from Nigeria would prove equally worthwhile "if the interest being shown in Nigeria by British businessmen is anything to go by."

The number of businessmen seeking information on Nigeria from the Government Chamber of Commerce and Industry has increased to 150.

"So too is the number who are going out to Nigeria to see for themselves. This interest is starting to be reflected in the level of trade. In the first four months of this year Britain's exports to Nigeria amounted to £131m. This compares with £59m, for the same period last year, and £222m. for last year as a whole."

"I hope that this marks the end of a period which has seen Britain's share of Nigeria's market fall from 45 per cent. 15 years ago to the present 25 per cent."

Mr. Shore went on to say that no trading relationship could thrive unless it was based on mutual benefit and mutual support.

"In the other direction, Britain's imports from Nigeria increased to £265m. last year. Products other than oil amounted for a quarter of this. We are Nigeria's biggest market for products other than oil."

"In fact in the first four months of this year the value of our imports of oil from Nigeria actually declined while our non-oil imports rose by 6 per cent—which happens to be exactly the average annual growth rate called for in Nigeria's development plan," he said.

University jobs under review

THE COUNCIL of the University of East Anglia in Norwich is to review its decision to freeze all new appointments and replacements taken to avert an estimated deficit of £400,000 next year. This follows protests from four unions representing 1,500 employees who feared redundancies.

NEWS THAT John Brown and Co. has lost £4.9m. on construction operations in the current financial year underlines the hazards of building large process plants in an inflationary climate. Its Constructors John Brown division is used to operating with big figures. Contracts range from around the £100,000 mark to £40m. and more; they can take over two or three years to complete.

As with the process plant industry in general, CJB was dogged during 1972 by shortages of steel on the one hand and delays in deliveries on the other.

The situation was made worse by a shortage of labour—the industry was lacking at least 25,000 men last year, and when the National Economic Development Office published its investment forecast in July a shortage as high as 40,000 was being talked about.

Menace

These two problems inevitably delayed contract completion dates—up to six months in some cases—which in turn compounded the third menace of inflation. Because of the labour and steel contents to costs, the process plant sector has always tended to run ahead of general

NEWS ANALYSIS—CONTRACT PRICES

The gamble of estimating

BY RAY DAFER

Chemical Engineering Contractors' Association puts it.

The association is currently supporting contractors in their bid to get a better deal under the government's escalation insurance scheme. The arrangement, as announced by Mr. Peter Shore, Trade Secretary, is intended to afford protection to contractors and to boost exports, particularly in Middle Eastern states where considerable petrochemical expansion is taking place.

Raw deal

The association claims that in view of the premium which has to be paid and the fact that the cover is only partially effective, the industry is getting a raw deal when compared with major contractors in France and Germany, for instance.

"We want to know where we stand—it is difficult playing roulette and building for the future," said Brigadier Birkett, director of the association.

The U.K. contractors, who would prefer to see a more open-ended insurance scheme, feel that in some ways they are now in a worse position than before. Negotiations over escalation clauses can be a headache when prices are rising at an "unquantifiable" rate, as the British brought demands from clients

for fixed-price contracts, since they believe the U.K. contractors are now protected by Government insurance comparable with the French arrangements.

On the other hand the contractors are reticent about signing any more fixed-price deals, which is hampering them in potentially lucrative markets such as China and the Middle East. Eastern European countries, which represent another important market, seem to be relaxing their attitude to fixed-price deals.

The problems of the contractors in dealing with inflation runs right through the process plant industry to equipment suppliers. Various trade associations have devised a number of formulae to help companies compute contract prices and escalation clauses.

In addition, the industry has tightened its terms of payment which, in turn, puts pressure on those further up the ladder doing the ordering (with contractors at the top).

Whether companies can come to terms with inflation remains to be seen. But Commander John Hamer, director of the Process Plant Association, sounded a note of caution recently when he declared: "In the midst of plenty we are in poverty."

Wingate plans office park at Newport

By John Trafford, Property

BRITAIN'S FIRST American-style "office park," with buildings set in rural surroundings, is to be undertaken by the unquoted development company Wingate Investments on the outskirts of Newport in South Wales.

The project will house 5,000-6,000 office workers in 750,000 square feet of two-storey office buildings set in 52 acres of rural land. Total costs are expected to be considerably above £10m.

The developers are believed to be well advanced in negotiations on a pre-let of a substantial part of the scheme to Government departments.

The site is close to the M4/M50 Coldra interchange and was originally designated for industrial use. Buildings will cover only nine acres. Another 30 acres of land will be landscaped. Ten acres will be taken for car parking.

The first tenants could be moving in little over 18 months if the pre-letting programme is successful.

HOPE OF MERSEY RIGGERS PEACE

Hopes of a settlement of the 11-day strike by 300 Merseyside riggers—the men who work the small boats carrying ropes from ship to shore—rest on a mass meeting to-day which will hear fresh pay proposals.

Scotboard to go ahead with £3m. plant expansion

FINANCIAL TIMES REPORTER

DESPITE THE general decline in the building and furnishing industries, Scotboard, the Ayrshire wood chip board manufacturer, is pressing ahead with its plans for a £3m. plant expansion at Irvine New Town.

Work will start in a few months on building a 15,000 square metre plant alongside the existing one on the Irvine Industrial Estate and it should be operational by January 1977. It will double the present output.

Mr. Robert Watson, managing director, said yesterday: "It also represents a sizeable increase in the number of jobs that the company will provide while increasing their security of the 150 jobs already involved."

Among closures announced yesterday is a mill at Bradford, which blamed imports of clothing for its predicament. About 100 people will lose their jobs as a result of the coming closure of the Orwin Mills, Bolton Woods, of Stroud, Riley, Drumm, and a reduction in the staff at the company's head office in Canal Road, Bradford.

In South Shields, the Go Gay shoe factory is to close next month. About 80 of the 140 workers have already been given their notices. The rest will be made redundant when the factory closes. The closure is blamed on falling profits and output due to the cancellation of a £100,000 order from Jamaica and the

effects of the 3-day week. The Freedman Bros. factory at Ashington, Northumberland, which makes fibre glass laminates, has closed with the loss of 45 jobs. The company says that the increasing cost of raw materials caused financial difficulties.

And in Northampton, Blumel Bros., which manufactures car number plates, is to close its factory next month because of a slump in orders during the past six months. The entire workforce of 55 was given redundancy notices yesterday. The company's work is to be centred at its Coventry factory.

Herrburger Brooks, piano key makers of Long Eaton, near Nottingham, is making 20 workers redundant. Increased costs, largely due to threshold paying, has cost the company a great deal of its U.S. business.

NEARLY 400 people missed out of the referendum because of High Court orders made yesterday.

A group of 284 students at Keele University, a further 128 people in the Manchester area, omitted by mistake, were granted orders directing their respective electoral registration officers to alter the register, to include their names.

More tune in to London radio stations

LONDON'S TWO commercial

radio stations, Capital and London Broadcasting, have a more secure future, having gained "a million extra listeners" over the past eight months. Mr. John Whitney, Capital's managing director, said yesterday that both stations were "here to stay."

"We have had our troubles, but we can now see light again at the end of the tunnel because of picking up many more listeners. The BBC know we are here, and audiences have discovered we are here as well," he said.

Joint figures for the two stations claim 4.75m. listeners each week—a million more than in the last survey eight months ago. Mr. Whitney said: "The new listeners have been won at the expense of the BBC. We now have 23 per cent. of listeners—an 8 per cent. rise on our last figure."

The BBC, however, says that there is no indication that the commercial radio stations in London have gained audiences at the expense of BBC Radio. "This is in line with the findings of the survey in Great Britain as a whole, the amount of listening to BBC Radio has not fallen since commercial radio began. Thus in 1973 the amount of listening to BBC Radio, per head of population, was 8 hours 35 minutes per week, whereas in 1974 it was 8 hours 44 minutes."

Saleroom

Australian 1892 tennis trophy fetches £8,925

A VERY ATTRACTIVE blue cameo two-handled vase, a foot high, which was apparently won at the Melbourne Tennis Club in 1892 by Mr. W. D. Coldham, was sold for £8,925 at Christie's yesterday. It was the second highest price ever for a cameo vase. The record of £9,240 was established last July.

The vase, carved in white with an opaque picture of a milkmaid, was the work of George Woodall. It was sold by a descendant of the original recipient and bought by the London dealer Tillman. The price was comfortably above forecast. It was a sale of studio pottery, art nouveau and cameo glass, which went extremely well with little unsold and most items going above forecast.

Among other top prices were the £1,155 paid by a private buyer for a bronze and ivory figure of a girl by F. Preis, while an art deco bronze and ivory figure of an exotic dancer

by D. Chiparus was bought by Waterman for £892.50. Dancing figures were particularly popular in a sale which realised £29,472.

Prices were also good, if not quite so bullish, at a Christie's sale of Japanese screens, porcelain and lacquers, which totalled £39,154. The highest price was the £3,990 given for a pair of six leaf-screens painted with sandpipers in flight, dating from the 18th century.

Sotheby's sold a bottle of 1971 Moselle for £310. It was bought by Mr. Peter Langdon, who owns the Odins Restaurant, London. He expects it to be drunk by a German industrialist who expects something special on the wine list. The sale was on behalf of the Lords Taverners and raised £2,689 from 85 lots.

There was a high price of £4,200 at Sotheby's sale of children's books. Also at Sotheby's a Chinese porcelain sale totalled £88,081.

New industrial growth sought for W. Midlands

By Our Midlands Correspondent

A CHANCE to compete for new industrial growth, particularly the regenerated at the international level, is demanded by the latest economic survey of the West Midlands.

Once again the familiar theme is paraded that unless the West Midlands is successful in maintaining its manufacturing output, and thereby exports, the national economy will be severely affected.

Planners believe that the economic problems of the region are the result of deep-seated structural defects which cannot be remedied by short-term palliatives. Danger signals have been visible for some time, says the West Midlands Planning Authorities Conference.

There was no firm evidence yet of a trends towards diversification into the new growth industries.

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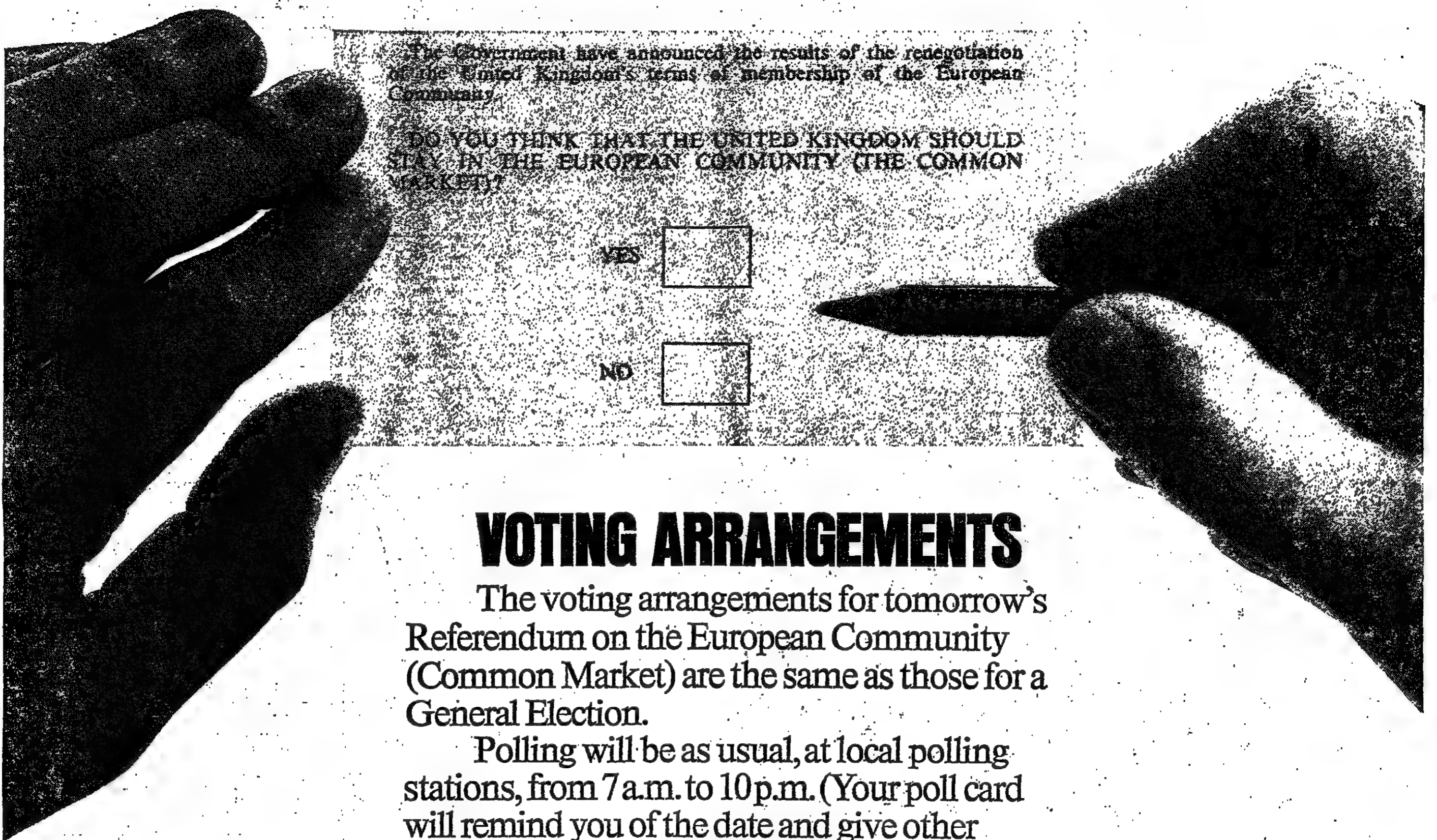
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Painting by Roger Han

REFERENDUM: VOTE TOMORROW.



VOTING ARRANGEMENTS

The voting arrangements for tomorrow's Referendum on the European Community (Common Market) are the same as those for a General Election.

Polling will be as usual, at local polling stations, from 7 a.m. to 10 p.m. (Your poll card will remind you of the date and give other details. But you do *not* need a poll card to vote.)

At the polling station you will be given a ballot paper like the one shown here, and be asked to mark the ballot paper in one of two clearly marked places, in order to record a YES or NO vote on Britain's continued membership of the Common Market.



YOUR VOTE COUNTS - USE IT.



Thomson gives oil assurance

By Chris Baur,
Scottish Correspondent

MR. GEORGE THOMSON, the EEC Commissioner for Regional Policy, yesterday accused Britain's Energy Secretary, Mr. Eric Varley, of "raising utterly unnecessary fears" about the Government's possible loss of control over North Sea oil resources if Britain remains a member of the European Community.

The "guts of the matter" was that no rate of depletion of North Sea oil could be enough to control over North Sea oil resources if Britain remains a member of the European Community, said Mr. Thomson.

The oil question was one of three Scottish fears which Mr. Thomson said were being fanned by anti-Marketiers from the dying members of the referendum campaign.

The first was the fear that the European Commission would obstruct the working of the new Scottish Development Agency. On the contrary, he said, he strongly welcomed the SDA which, as a channel of Community development aid, would assist the Commission in stopping the richer countries out-bidding the less well-off countries like Scotland.

The second fear was about North Sea oil. Mr. Thomson quoted back at Mr. Varley the Minister's own words spoken in Oslo at the end of last month—that "the oil is British and that's all there is to it."

Mr. Thomson: "I could not have put it better myself."

The final fear was that a "Yes" vote would endanger the Government's plans for devolution from Westminster to a Scottish Assembly. "I repudiate absolutely the suggestion that the European Commission would have any interest in frustrating Scottish or Welsh devolution."

Powell sees the creepy things under the carpet

BY DAVID LASCHELLE

MR. ENOCH POWELL avoided the word holocaust to describe what would happen if Britain stayed in the EEC, but he came close to it at his astonishing Press conference yesterday.

In a virtuoso performance that had his audience alternatively rocking with mirth and rapt with attention, he said the British people would rise up and tear their leaders apart when they found out he they had been deceived over the EEC.

Starting down from his yellow-backed rostrum, he declared that so many truths about the Common Market were being swept under the carpet that the carpet had become a mountain, nay, a pyramid.

The things that crawled out after the referendum would make the people arise with revulsion, believing that they had been deceived, hijacked, even, Mr. Powell cried, his hands groping at the air above him.

Among the creepy crawlies Mr. Powell exported to find were commission powers to regulate the extraction of oil and levels of fuel stocks, and plans to extend the CAP to land.

The veto

But the biggest were proposals for economic and monetary union, and a directly elected European parliament, which Mr. Powell said had never been disavowed, rather the opposite, by European leaders like President Giscard.

"Why don't we British ever believe what foreigners say they're going to do?" he moaned in that famous voice.

Reminded that Britain would have the power of veto, Mr. Powell sat back in triumph. "I've been waiting for that one," he cried. The veto was a wasting asset. It would disappear as one area after another was brought under Community regulation.

As he parried questions after questions in the bright lights, Mr. Powell got better and better. But his rickety audience always had to be ready for the sudden steele stare that brought everything to a halt.

Even then Mr. Powell would cap his point with a quotation in French or German "because it seemed apt," and the laughter started again.

But there was serious business too. Mr. Powell attacked three



Mr. Enoch Powell spells out his anti-European warning at yesterday's Press conference.

of the pro-Marketiers' main arguments. To say EEC membership would ensure Britain regular food supplies was nonsense because whereas the original EEC had been largely self-sufficient, Britain's entry would force it on to world markets for supplies.

To claim Britain had no alternative was just as misleading. Mr. Powell said that once out of the EEC, Britain would recover the same trends of pre-1973. These were growth outside the Community without Common Market barriers, growth with EEC members, and replacement of dependence on Commonwealth trade by trade with the rest of the world.

On food, Mr. Powell said no respectable participant in the current debate any longer disputed that the net effect of the European Community's Common Agricultural Policy must, on the whole, be to make food dearer than it would otherwise be.

More emphasis was now being placed on the alleged virtues of self-sufficiency, supposed to be a cornerstone of the policy.

But, Mr. Powell argued, even without Britain it was not true that the Common Market was, or

could be, self-sufficient, for it could not be self-sufficient in the indispensable element of protein. For 20 years the original Six countries had been considerable importers of feedstuffs for agriculture and Britain's membership was bound to mean a dramatic growth in the need for imported feedstuffs.

"The Community's claim to self-sufficiency is a sham and a delusion already; but through the inclusion of the U.K., with its quite different balance between population and agriculture, the CAP is destined to become a major disturbing factor in the world economy and a source of injury to the very parts of humanity for whom we profess so much concern."

U.K. could be a leading partner: Thorpe

BY DAVID LASCHELLE

WHEN BRITAIN sees what a superb political contribution it can make to Europe, it will start losing its inferiority complex.

Mr. Jeremy Thorpe, Liberal leader told his party's Press conference yesterday.

In its present state, its economic value to the EEC was doubtful, he said, but there was no doubt that it could become a leading partner in Europe.

Mr. David Steel, MP for Ormskirk, said he was certain that Scotland would vote yes on Thursday. When the campaign started, he said, he thought it was 50-50, but he now expected a majority of at least 10 per cent.

He put this pro-Market shift down to the better organisation of the Marketiers' campaign and the poor performance put up by the Scottish Nationalists.

allegation will become the key-stone of a viable and functional construction of a European union.

The association sees no reason why Scotland, Wales, Brittany, Sicily and even Bavaria should not have the opportunity to participate effectively in the Community decision-making process.

It suggests that democratic participation in local and regional affairs is a psychological pre-condition to European union in which trans-regional co-operation and financial solidarity become the result of common sense.

The association represents more than 3,000 former trainees of the EEC institutions, now working in public and private enterprise all over Europe and in other countries.

Heath wins ovation in City

BY JUSTIN LONG

BY POOLING our sovereignty in the European Community we gained commensurate control over the sovereignty of eight other member-countries, Mr. Edward Heath yesterday told pro-Marketiers of the City of London.

Given an almost rapturous standing ovation at a crowded lunch-time meeting of the City in Europe campaign, Mr. Heath condemned both of the two possible alternatives to British membership of the EEC.

The first alternative would be for Britain to take part in a free trade area. But we had not been able to get a satisfactory free trade area before entry into the Market, and we should not be able to do so now, said Mr. Heath.

"If we tear up this treaty, do we expect the Community to come along and say, 'Well, we have a fairly wide selection of other treaties for you to choose from.' Nor was this country in any position to sustain further economic uncertainty and the tariff barriers which would operate against us."

A recount if...

Sir Philip Allen, chief counting officer for the referendum, announced yesterday that he would consider ordering a U.K. recount if the margin between the "Yes" and "No" vote was of the order of 150,000.

Sir Philip said he thought it right to build in a very substantial safety factor and had therefore decided to consider a recount if the margin was up to ten times the 15,000 margin required on statistical grounds.

His decision on the day would be influenced by the turnout and any other factors which emerged about the conduct of the count.

As for the other alternative — to go it alone — this could lead only to a siege economy and measures that would drag our standard of living far below that of any member of the European Community, Mr. Heath maintained.

For the City in particular, it would mean the death of many whose activities on which the nation depended for survival.

This view of the result of a majority "No" vote was supported by Mr. Robert Fell, Chief Executive of the Stock Exchange.

"If we say 'No' now, it will be more than breaking our word," said Mr. Fell. "It will be seen as confirmation to the neophytes abroad that our proud days are over, that one of the last vestiges of our strength overseas, our moral purpose, has been sapped."

He urged every company in the City to remind its people of the importance of tomorrow's vote. It must be a large and positive vote for staying in Europe, he told the meeting.

Our U.K. spending depends on 'Yes' say 6 companies

FINANCIAL TIMES REPORTER

THE FOREIGN OFFICE yesterday gave the names of six international companies, including BP (Chemicals) Ltd., whose decisions to invest in the U.K. are dependent on the outcome of the Common Market referendum.

Most of them are in the chemicals sector. According to Mr. Roy Hattersley, Minister of State at the Foreign Office, the list is not exhaustive and includes only cases which the Office has verified in the past two days and where the management has agreed to publication.

The information was given in a letter to Mr. Donald Anderson, Labour MP for Swansea West. The BP Chemicals plan is for an investment of £100m. in Grangemouth by 1979. BP says it will go ahead only if there is a "yes" vote on Thursday.

Montedison, the Italian chemicals concern, is considering setting up a petrochemical plant involving 700 jobs in an unnamed assisted area and initially worth £50m., but would look at alternative sites on the continent if Britain votes no. Monsanto, the U.S. chemicals concern, is building the first stage of a plant making chemical intermediates for nylon on Teesside, but further development depends on Britain remaining in the Community.

At the U.S. chemicals concern, the Dexter Corporation, is considering doubling its investment in Scotland, but will look to the continent if there is a no vote.

Much the same goes for investment plans by BXL, the plastics subsidiary of Union Carbide, whose expansion plans in Britain are based on supplying the European Market.

The only non-chemicals concern in the list is Vlees Export of Rotterdam. The company exports bonded fresh meat and has plans to set up a U.K. plant providing about 100 jobs, but says they will be dropped if Britain leaves the Community.

Mr. Hattersley says in his letter that the Foreign Office knows of a number of other similar cases, but that the companies have not agreed to disclosure.

Mr. Edward Short, Leader of the House, said yesterday that many millions of pounds had poured into the North East as a result of British membership of the Market, and much more will come in the future.

He said the evidence suggested that the North East was doing extremely well out of British membership.

The European Investment Bank provided £14.7m. for the new ESC complex on Teesside and £15.6m. for the nuclear power station at Harbottle. In Durham, £6.1m. had been provided for the modernisation of Horden, Blackhall and Eastington collieries and a further £246,000 for the improvement of S22 Coal Board houses.

"We have reserved a substantial share of the U.K.'s £10.44m. allocation for retraining workers and more than £5m. from the European Social Fund."

Lord Watkinson, deputy President of the Confederation of British Industry, last night claimed the alternative to continued membership of the Common Market was "a sordid siege economy."

He told a Britain in Europe meeting in London, that this siege economy would be made with jealousy and managed by State controls, producing a little island off an uncaring continent which would have written the U.K. off entirely — a continent which would not want our money or our goods.

"Let us make an end of all this rather sordid argument, let us stick by our bargain and vote an overwhelming YES," he said.

Mr. W. F. W. Anderson, chairman and chief executive of Carpets International, told shareholders at the company's annual meeting that Britain's continued membership of the EEC is vital to the group's strategy and is the export market with the greatest growth potential.

Dr. E. J. Callen, chief executive of Rohm and Haas (U.K.), said the company's export sales to EEC countries, which totalled over £10.5m. in 1972, would be seriously affected by a vote to leave Europe.

Bland Payne, the insurance brokers, have sent a letter to 1,500 employees in the U.K. saying the company's interests will best be served by the U.K. remaining in the EEC.

A "No" vote would result in withdrawal of much of the capital invested in the South West region by 140 foreign companies, especially around Plymouth, Mr. Claude Pike, chairman of the CBI's south-west region, said.

Merseyside County Council refused by a large majority yesterday to debate a Liberal member's motion calling for a "yes" vote to-morrow.

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Party leader disputes du Cann claim

Tories opposed to Market dwindling—Mrs. Thatcher

BY JOHN HUNT

THE ALLEGATION from Mr. Edward du Cann that the Conservative Party is deeply divided on the Common Market and that, but for the pro-Market influence of the leadership, there might even be a majority of the party in favour of withdrawal was denied yesterday by Mrs. Margaret Thatcher, the Tory leader.

She called for a decisive Yes verdict on Market membership and urged Conservatives to vote to strength for the European idea. The campaign, she declared, could not succeed in the country without the active support of Conservatives in the constituencies.

Answering questions on the EEC at the first national Press conference that she has given during the last two weeks of the referendum campaign, she maintained that the free vote in the Commons on the renegotiated terms in April had proved that only a small minority of the party were opposed to continued British membership of the Community.

On that occasion, a total of 275 Conservative members voted, 249 of them in favour of the Market and only eight against. Another 18 were absent.

Mrs. Thatcher, good-humoured and looking relaxed, maintained that this picture was reflected among Conservatives in the constituencies. On her trips around the country, she said, she had found only a small and dwindling minority of the party opposed to the EEC.

Answering other questions, Mrs. Thatcher indicated that she was lukewarm towards suggestions by Mr. Reg Prendergast, Education Secretary, that there should be closer co-operation between the Labour and Conservative parties on national issues after the referendum.

She repeatedly emphasised that unity of purpose between the two parties must precede any unity of action. She made it very clear that major items in Labour's programme, particularly nationalisation proposals and the Government's plans for industry, stood in the way of any such unity.



Mrs. Margaret Thatcher, the Tory leader, shields her eyes from the television lights at the Conservative Group for Europe Press conference in London yesterday.

Dealing with Mr. du Cann's speech, she said that that portion of Conservatives against the Market had been steadily reducing since it was first mooted. A number of those Conservatives who had originally opposed the EEC, like Sir Derek Walker-Smith and Mr. Hugh Fraser, were now actively supporting it.

Of the feeling among Tories in the country at large, she said: "I think there is probably a small minority against, as there has been in Parliament—and it is getting smaller." She pointed out that at the Conservative party's recent Scottish conference only four people had voted against British membership.

These, she argued, were the most recent and telling figures. One questioner wanted to know if she had any explanation for Mr. du Cann's remarks. Was he "off his rocker"?

"No, of course not," said Mrs. Thatcher. He was just one of the small minority who had been opposed to Britain in Europe and had abstained on the first free vote on the Market in 1971. It was not for her to say why he had made his remarks at this time.

However, she did accept Mr. du Cann's assertion that the strong support of successive Conservative leaders for the Market had been a major factor in influencing the thinking of the party rank and file. She commented: "I am quite happy that that should be so."

Asked whether Mr. du Cann had spoiled his chances of a job on the Tory front bench, she replied diplomatically that she had no immediate front bench appointments in mind.

Dealing with the question of whether the "camaraderie" of the referendum would continue after Thursday, she said that Conservatives had always supported the present Government on big national issues when they thought that Labour had been right. Europe and defence were cases in point.

"They get our support when doing the right things but they will not get it when they do something which is fundamentally wrong for Britain."

"You can get unity of action when you get unity of purpose. I don't believe the British people want to go in for more nationalisation, including the nationalisation of profitable industry under the National Enterprise Board."

"So long as the Labour Party is committed to the nationalisation of things like profitable industries, we are not likely to have unity of purpose."

She would be very delighted indeed if the Labour Government would drop these nationalisation plans. That would be the first step to going ahead to solve Britain's economic problems. But I see no signs that they are likely to do so.

Mrs. Thatcher was subjected to long questioning about her "low profile" approach to the referendum campaign over the past two weeks. She denied that she had been "leading from behind" or that she had been maintaining a careful silence.

In fact, she said, she had been on holiday last week. Prior to that, she had addressed several public meetings up and down the country, although these had not specifically been about the Market. The meetings, she said, had been well reported in the provincial Press.

ON EACH of the last three Saturdays a straw poll on attitudes to Britain's membership of the European Community has been undertaken in the centre of Nottingham by a group of volunteers. In all, they questioned nearly 3,000 people. The split of views was remarkably consistent on each occasion, with some 65 per cent. of those questioned saying they were in favour of Britain's staying in, 19 per cent. against and 16 per cent. undecided.

The organisers of the poll analysed the results according to political sympathies, age and occupation. Pro-Market sentiment was found to be strongest among Conservative voters (who split 79:12:8), but there was also a pro-Market majority among Labour voters (56:30:14) and the politically uncommitted (48:23:29). Pro-market attitudes also predominated in all age and occupational groups, but students, young people (20:29 years), and professional people were more strongly in favour of staying in than housewives and retired people.

The reliability of this attempt to divine local voting intentions was, alas, somewhat tarnished by the fact that the exercise was undertaken by a group of Young Conservatives wearing "Keep Britain In" labels. But its indication of a local pro-Market majority—though not the extent of that majority—broadly accords with the private views of leading organisers on both sides of the referendum argument.

Even leading "anti"s now admit that the outcome in and around Nottingham on Thursday is likely to be a narrow pro-Market majority. It is also generally accepted by the pro-Marketers that the result will be fairly close in Nottinghamshire and Derbyshire, but they expect to see rather bigger pro-Market majorities in the three other East Midlands counties—Lincolnshire, Northamptonshire, and Leicestershire.

Yet can even the local campaign leaders really tell what people are thinking and, more important, what they will do tomorrow? The hardened professionals who have taken part have found it a most unusual campaign, quite unlike a general election. At the local level there has been an almost total absence of personalities, much less weaknesses to fellow campaigners from the other parties.

More important still, there has been hardly any two-way contact with the electorate other than at meetings which, it is thought, have been attended largely by those whose minds have already been made up.

The local politicians who have been campaigning in and around Nottingham and Derby (and only a proportion have done so) have acted as individuals. With one or two exceptions, their local machines have stood aside. In some cases this was because their activists are split on the Market issue; in others, it was—as one agent told me—to avoid revealing their organisational strengths and weaknesses to fellow campaigners from the other parties.

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The trouble was, Mr. Ennals contended, that the media always picked on the shrillest of the comments made by leading spokesmen. The context, which would have made the comments appear less stark, was too often left out.

"I believe the Europe issue will cease to be a hot party issue once the people have recorded their vote," he said. Lord Feather, a benign father figure, sitting alongside the Ministers on the platform in his role of President of the Trades Union Alliance for Europe, assured the conference that the same sort of harmony existed in the union movement. "No disturbed relationships there," he said.

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"That's not quite fair," Mrs. Williams protested. If the verdict went against her views everyone in the Government would still have to exert every effort to make a success of the outcome.

If she, herself, could not then take a part in the Government, she would still do nothing to harm its endeavours.

Back in the East Midlands after a fortnight's absence, Colin Jones finds that attitudes to to-morrow's vote have become increasingly serious

The Poles say 'yes'

The same has been largely true, though for different reasons, of the trades unions. The miners, the biggest union locally, the General and Municipal Workers, the next biggest, the Electricians, and the Shop and Distributive Workers, are predominately pro-Market, while the Transport and General AUEW, and ASTMS tend to be "anti" but—again with certain exceptions—they have been inclined to get not too closely involved.

As a result, the two sides have been able to do little more than distribute literature, hold meetings, and secure coverage for their views in the local Press and radio. Very few houses are showing posters—for either side—and there has not been a great deal of systematic canvassing. What there has been has been mostly done by the "pros"—partly because of their luck in drawing the afternoon slot rather than the morning one, but perhaps also because they decided to open their rally with a motor cavalcade led by a West Indian steel band. (Not all their moves have been as successful, when they announced that the leaders of the local Polish community had come out in favour of Britain's staying in, the local Ukrainian community leaders—who have a traditional antipathy for Poles—promptly decided to be officially uncommitted.)

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Mr. Michael English, MP for Nottingham West and joint president of the local anti-Market campaign: Will people vote against an establishment advocating its own extinction?

... but 1922 chairman says loyalty hides division

BY JOHN HUNT

MR. DU CANN, who is chairman of the influential 1922 Committee of Conservative back-benchers, made his allegations about Conservative divisions over the Market in a speech in his Taunton constituency last night. Although he has not been a leading anti-Marketeer, he has never voted in favour of the Community.

He dwelt at length on the strong Left wing character of one of the Conservative groups in the Market and saw this as a good reason why loyal Tories should oppose membership. Suggestions that Conservatives should vote for staying in the EEC because most Left wingers were against it were, he declared, "perfectly ludicrous."

He emphasised that the Labour Government under Mr. Wilson had recommended a vote for the Market and that the Italian Communist party was also pro-Market.

It would be more logical, therefore, to argue that all good and loyal Conservatives should actually be opposed and vote against. The case for voting against is strengthened when one considers the size and influence of Communist parties on the Continent.

Muted

Mr. du Cann thought that the European ideal had led some of the party's protagonists to become overly zealous in their arguments.

In a passage, news of which had already aroused controversy before the speech was delivered, Mr. du Cann dealt with what he said was the split in the Conservative party on the question of Europe. "The whole nation is divided on this issue. The Labour party is hopelessly split. Official Conservative policy it may be to remain a signatory of the Treaty of Rome, but the Conservative party is divided too. The division may show much less than the split in the Labour party which is now taking personal and bitter forms, but it is real nonetheless."

"It is argued for one good reason. The Conservative party is naturally loyal to its leaders, past and present, and wishes to support them, or at least not to seem to oppose them, whenever possible."

"Loyalty to one's country and its best interests should be put above party loyalty. Conservatives should vote in the first interests of the country. No other loyalty should be counted."

Were this not so, I have no doubt that at least as many Conservative party members would be publicly seen to be against our remaining members of the EEC as are in favour.

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No Labour split after vote, Ministers insist

BY JUSTIN LONG

FORECASTS that Mr. Harold Wilson will face stormy weather in his Cabinet when the referendum is over were categorically rejected yesterday by pro-Market Cabinet Ministers.

Relationships between Ministers, right the way through the campaign, had remained "extremely cordial," declared Mr. Anthony Crosland, Environment Secretary, at a Labour Party Britain in Europe conference in London.

This assurance was backed by Mrs. Shirley Williams, Prices Secretary. She, too, told any doubting Thomases that friendly feeling between Cabinet Ministers had been well maintained. Her belief was that once the referendum was over, Ministers would pull together to make a success of the outcome.

If anyone thought that rancour and ill-feeling among members of the Government were being swept under the carpet, Mr. John Morris, Secretary for Wales, added his testimony that all was well between Ministers.

"Relations have been good," he said. "There's much more to unite us than there is to divide us. . . . I see no difficulty for a Labour Government continuing to do its best and putting Britain first."

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The trouble was, Mr. Ennals contended, that the media always picked on the shrillest of the comments made by leading spokesmen. The context, which would have made the comments appear less stark, was too often left out.

"I believe the Europe issue will cease to be a hot party issue once the people have recorded their vote," he said. Lord Feather, a benign father figure, sitting alongside the Ministers on the platform in his role of President of the Trades Union Alliance for Europe, assured the conference that the same sort of harmony existed in the union movement. "No disturbed relationships there," he said.

But it was pointed out to Mrs. Williams that she, at any rate, had long since made it clear that she wouldn't be prepared to continue in the Government if the referendum verdict went against her pro-Market views.

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is still floating," as one local MP told me. A lot could thus depend upon turnout to-morrow—which, again, is anyone's guess. Being leading "pros" confess to being worried on this score, even though they plan to have loudspeaker cars touring most of the wards throughout the whole East Midlands. The "anti"s are also concerned that their side will suffer from differential abstention, particularly on the council estates where canvass returns show an apparently strong anti sentiment.

Here the pro-Marketters may have the edge, for their organisation is undoubtedly stronger than that of the anti's with a better chance of getting the vote out on the day. The "pros" had by far the more successful rally in Nottingham's Market Square last Saturday—perhaps partly because of their luck in drawing the afternoon slot rather than the morning one, but perhaps also because they decided to open their rally with a motor cavalcade led by a West Indian steel band. (Not all their moves have been as successful, when they announced that the leaders of the local Polish community had come out in favour of Britain's staying in, the local Ukrainian community leaders—who have a traditional antipathy for Poles—promptly decided to be officially uncommitted.)

The pro-Marketters may also have an edge on the issues. The two key ones, here as elsewhere, have been food prices and jobs. But, while both sides agree that the "anti"s have been able to obtain a great deal of mileage out of the prices issue, their arguments about job security have been less successful. Because of its wide industrial diversification, the East Midlands have been relatively shielded from the worst of the economic cycle. The present recession is now biting locally and many people are distinctly depressed by the country's economic situation. But the region has never known a real slump. Similarly, with the sovereignty argument—As Mr. Michael English, Labour MP for Nottingham West and joint president of the local anti-Market campaign: Will people vote against an establishment advocating its own

RESIDENTIAL PROPERTY

Knight Frank & Rutley

STRATTON PARK

Hampshire, near Micheldever

Basingstoke 14 miles, London 38 miles, Waterloo 60 minutes

BUILT ON THE SITE OF A FAMOUS

19TH CENTURY COUNTRY MANSION

BY JAMES DANCE. THIS MODERN HOUSE HAS

FEATURED IN COUNTRY LIFE

Hall, cloakroom, conservatory, 4 reception rooms, 9 bedrooms, 5 bathrooms, oil fired central heating, garage/stable block with 2 flats, heated swimming pool, hard tennis court, beautiful timbered gardens, and 2 paddocks.

ABOUT 6 HECTARES (15 ACRES) IN ALL.

Joint Agents:

SAVILLS, 20 Grosvenor Hill, Berkeley Square, London W1X 0HQ (Tel. 01-499 8644) and

KNIGHT FRANK & RUTLEY (07048/ADB)

BERKSHIRE

Ascot 2 1/2 miles and within easy reach of the M4 and M3

extension.

In a secluded position between two famous golf courses

LUXURIOUS MODERN HOUSE.

3 Reception Rooms, Sun Lounge, 4 Principal Suites

each with Bedroom and Bathroom (13 having Dressing Rooms), Staff or Nursery Suite, Indoor Heated

Swimming Pool, Oil Fired Central Heating, Double

Garage, Pair of Staff Bungalows.

Easily maintained Gardens including Lawns, Flowering Shrubs, Ornamental Trees and Wood-

land.

LONG LEASEHOLD FOR SALE WITH

ABOUT 5 1/2 ACRES

Joint Sale Agents:

TUFNELL & PARTNERS

Estate Office, Sunninghill, Ascot (Tel. 0494 23411) and

KNIGHT FRANK & RUTLEY (02083/NTV)

MONTGREENAN

ESTATE

Ayrshire

About 1,033 acres

Easy reach of M4

Within easy reach of Glasgow by Rail and Road

THE GREATER PART OF THIS WELL KNOWN

AGRICULTURAL, FORESTRY & SPORTING

ESTATE

2 Charming Small Houses

3 Farms in hand (presently run as one Unit)

166 acres of woodland

11 Cottages with vacant possession

Good low ground shooting

FOR SALE PRIVATELY AS A WHOLE

OR IN LOTS

Joint Selling Agents:

VINCENT B. McCAFFERY

Montgreenan Estate Office, Kilmarnock, Ayrshire. (Tel. 01622 3321) and

KNIGHT FRANK & RUTLEY

8 Charlotte Sq., Edinburgh, EH2 4DR (Tel. 031-225 7103)

(01132/JKM)

BUCKINGHAMSHIRE

Gerrards Cross 2 1/2 miles. Access to M40 1/2 mile.

On edge of beautiful village surrounded by Green Belt Land

DELIGHTFUL RED BRICK GEORGIAN HOUSE

WITH PLEASANT SOUTHERLY VIEWS.

3 Reception Rooms, 4 Principal Bedrooms, 2 Bath-

rooms, Staff Flat with Bathroom, Oil-fired Central

Heating, Garaging for 5. Stable, Delightful Garden

Room, Well maintained Garden, Kitchen Garden,

Paddock.

FOR SALE WITH ABOUT 3 1/2 ACRES

Joint Agents:

TUFNELL & PARTNERS

Estate Office, Sunninghill, Ascot (Tel. 0494 23411) and

KNIGHT FRANK & RUTLEY (02083/NTV)

20 Hanover Square London W1R 0AH Tel: 01-629 8171

PERSONAL

SQUASH CLUB

Founders Members invited for new

squash club opening this summer

at Sunninghill, Ascot. Facilities

include tennis, squash, pool, bar,

restaurant, beauty salon, pro shop,

etc. etc.

Phone 01-878 1119 or 01-440 4385.

CONSTRUCTION NEWS contains free

plus news, 300-odd advertisements on

construction, 100-odd on building, 100-

on electrical, 100-odd on mechanical,

100-odd on civil engineering, 100-

on other engineering, 100-odd on

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MARK COX

TENNIS CLUB

Founders Members invited for new

squash club opening this summer

at Sunninghill, Ascot. Facilities

include tennis, squash, pool, bar,

restaurant, beauty salon, pro shop,

etc. etc.

Phone 01-878 1119 or 01-440 4385.

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COMPANY

NOTICES

LOWER PERAK TIN BREEDING BERNARD

Incorporated in Malaysia

The Transfer Book will be CLOSED

from 25th to 27th June 1975 both dates

inclusive.

STEWARTS AND LLOYDS OF

SOUTH AFRICA LIMITED

PREFERENCE DIVIDEND

The Directors have declared a dividend

of 10% on the ordinary shares of 10

cents each, payable on 15th July 1975

to holders of the shares as at the close

of business on 12 June 1975.

The dividend is payable by cheque or

cash at the discretion of the shareholder.

The dividend is payable to the order of

the shareholder or to the order of the

shareholder's bank or to the order of

the shareholder's agent.

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the shareholder's agent.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

REINFORCED PLASTICS

We are interested in acquiring a significant manufacturing

company, whole or part, concerned with Glass

Reinforced Plastics (any process) or having activities

with good synergy thereto. Sound marketing connections

are essential.

We are a large public quoted company.

Write in strictest confidence to:

Box E.5325, Financial Times,

10, Cannon Street, EC4P 4BY

Manufacturers or Importers

Marketing company with a wide experience of direct

selling requires new products. Let our fully trained

sales force increase your sales on a commission

basis. Write with full details to Box E.5323, Financial

Times, 10, Cannon Street, EC4P 4BY.

LOSS COMPANY

CAPITAL GAINS TAX

Company for sale with substantial losses (£500,000) available for

Capital Gains Tax.

Please submit details in strict confidence to Box E.5326,

Financial Times, 10, Cannon Street, EC4P 4BY,

or telephone 01-405 2493.

Building

Contractors

We are a Northern Group of Companies

engaged predominantly in building

contracting. We are interested in

extending the geographical area of our

activities and are therefore looking

for well established building firms

(preferably in the Midlands, but any-

where considered) to add to our

Group.

The Companies we would like to hear

from should have:

(1) A good reputation for quality

of work.

The Lillishall Company Limited

1974 Results

	1974	1973
Turnover	£3,032,213	£2,755,472
Profit before Tax	£304,782	£122,942
Profit after Tax	£181,824	£102,951
Extraordinary Items	£30,209	£38,474
Net Profit available for Appropriation	£212,033	£141,425
Retained Surplus	£3,473,569	£3,755,472
Ordinary Dividend	8.5p	8.75p
Interim Dividend	8.5p	8.75p
Earnings per 10p Ordinary Share	8.5p	8.75p

Points from the review of the Chairman, Mr. A. R. P. P.

Lillishall Steel Limited

A good year reflecting great credit on those responsible.

Lillishall Stockholders Limited

A year of strong demand and record profits despite inflationary costs.

Lillishall Engineering Limited

Trading showed a loss in the Structural Steel Division, which has been closed. Other Engineering divisions were profitable.

Lillishall Homes Limited

Heavy losses in the Building Materials Division, which has been closed. Losses also on a number of older contracts in the Housing Division.

Prospects in 1975

The recession in the Steel industry is bound to affect Steel Rolling and Steel Stockholding, but there is an improved outlook for Engineering and Housing following the reorganisation announced in February.

The Ninety-fifth Annual General Meeting will be held on Wednesday, 25th June 1975 at 12 noon at the Lillishall Group Social Club, Priorslee, Telford.



THE LILLISHALL GROUP

STOCK EXCHANGE BUSINESS IN MAY

Equity turnover fails to keep pace with April boom

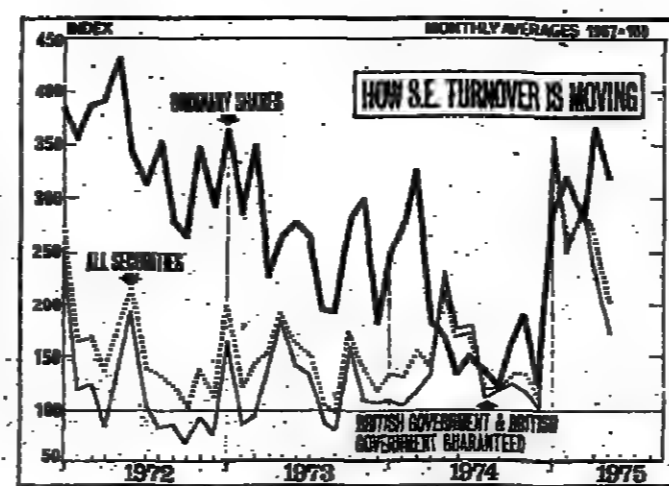
BY GEOFFREY FOSTER

TURNOVER OF £15bn. in the equity market in May failed to keep pace with April's £2bn. which was the highest since the May 1972 record of £2.1bn. The Financial Times Turnover Index for Ordinary Shares reached 319.5 in May, compared with 355.0 in April but was still well above the 1974 average of only 187.4. The number of bargains decreased by 79,438 on the month to 458,320, but the average value per bargain improved marginally to £3,908, from April's £3,803. There was one trading day less in May than in April.

Business in gilt-edged also contracted once more, falling £1.4bn. on the month to £1.1bn. the lowest total so far this year; it has now fallen over 81 per cent. from last January's all-time "peak" of £4.4bn. The decline took in a drop of £1.6bn. in short-dated issues. The number of gilt-edged bargains fell by 6,885 to 50,934 with a contraction of 3,331 to 22,642 in the shorts. The Financial Times Turnover Index for British Government and British Government Guaranteed Securities fell to 174.6 in May (the lowest so far this year) compared with April's 233.2 and January's "all-time high" of 356.9. The 1974 average was 135.0.

Turnover in All Securities fell by £1.9bn. to £6.7bn., the lowest this year and some 39 per cent. down from the January all-time peak of £10.9bn. The Financial Times Turnover Index for All Securities of 204.1 in May, compared with 263.8 in April, 287.4 in March and 355.8 (all-time peak) in January. The 1974 average was 144.8.

Prices of equities reacted rather violently in the early



stages on further gloomy economic views but then moved sharply higher on slightly increased demand in a thin market. The upward movement was accelerated by stock shortages which culminated on May 20 in the highest index level for 18 months. Thereafter, there was a turnaround in both interest and prices as investors took to the sidelines ahead of tomorrow's EEC vote.

From an end-April level of 327.2, the Financial Times Industrial Ordinary share index touched 311.1 on May 6 but forged ahead to touch 355.9 on May 20, its highest since December 3, 1973. It closed the month 17.9 up at 345.1, which was 199.1 above January's 20-year "low" of 146.0.

May proved to be another quiet and uncertain month for gilts, fresh cuts in interest rates being countered by weak sterling and the continuing inflationary spiral.

During May the Government Securities index moved narrowly between extremes of 38.14 and 56.55 before closing at 57.34 for a net rise of 1.15 on the month. This compares with the 1973 "high" of 62.24 on March 20.

Gold Mining shares in May climbed to new heights. Prices moved erratically for the most part, but took off against a background of a buoyant bullion price; the firm investment dollar premium also helped. Standing at 375.3 at the end of April, the Financial Times Gold Mines index dropped to 362.2 on May 5 then advanced strongly to a best-ever 442.3 on May 22 before closing at 428.0, for a net gain on the month of 63.7.

The price of gold bullion ranged between \$163.75 and \$174.5 before closing only 81 higher on balance at \$168. The investment dollar premium picked up 84 per cent. on the month to 110 per cent.

Category	Value of all purchases and sales total £m.	% of total	Number of bargains total	% of total	Average value per bargain £	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run) ...	2,512.0	37.3	22,942	4.1	119.7	109,535	1,092
Others	1,613.1	24.2	37,992	5.0	76.3	37,926	1,333
Irish Govt.	281.5	4.2	2,685	0.5	13.4	104,836	128
U.K. Local Authority	276.4	4.2	7,085	1.2	13.2	39,006	337
Overseas Govt. Provincial and Municipal	38.3	0.5	1,803	0.3	1.7	20,121	86
Fixed Interest Stocks Pref. and Prefd. Ord. Shares ...	181.2	2.7	42,140	7.5	7.2	3,587	2,097
Ordinary Shares	1,790.3	26.9	458,320	81.4	85.2	3,906	21,835
TOTAL	6,661.7	100	562,987	100	*315.2	*11,833	*26,908

* Average of all securities.

Charter Consolidated Limited

FINAL DIVIDEND AND CONSOLIDATED PROFIT STATEMENT FOR YEAR TO 31 MARCH 1975

The board of directors has today resolved to recommend to the annual general meeting of members to be held on 15 July 1975 a final dividend of 3.95866p per share in respect of the year ended 31 March 1975 (1974: 3.71371p per share), payable to shareholders registered in the books of the company at the close of business on 13 June 1975 and to persons presenting coupon no. 20 detached from share warrants to bearer. This dividend when added to the interim dividend of 2.25p per share paid on 3 January 1975 makes a total for the year of 6.20866p per share (1974: 5.71371p per share).

In terms of the imputation system of corporation tax in the United Kingdom this dividend is not subject to deduction of United Kingdom income tax by the company but will carry a tax credit representing thirty-five sixths of the dividend, the amount for which the company will be accountable in respect of advance corporation tax.

The total dividend for the year, together with the associated tax credit of 3.24034p per share, is 9.45p per share (1974: 8.4p per share), representing the maximum distribution which can be made under the counter-inflation legislation.

The transfer books and registers of members in the United Kingdom, the Republic of South Africa, and Rhodesia will be closed from 16 June to 21 June 1975, both days inclusive, and dividend warrants will be posted on or about 16 July 1975.

A notice to holders of share warrants to bearer will be published in the press at a later date giving further details regarding payment of coupons.

The following results of the company and its subsidiaries for the year to 31 March 1975 are issued for information in advance of the annual report and accounts which will be posted to members on or about 18 June 1975.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1975

	1975 £000s	1974 £000s
Income from investments	4,145	2,919
Associated companies	13,554	10,335
Other investments	17,699	13,254
Surplus on realisations of investments less amounts written off	2,124	4,309
Interest received	5,023	4,305
Trading profit	6,566	7,198
	31,411	29,066
Deduct:		
Administration and technical expenditure, directors' emoluments, and auditors' remuneration	1,497	1,295
Prospecting expenditure	2,163	919
Interest paid	5,789	3,978
	9,449	6,192
Group share of retained profits less losses of associated companies	21,971	22,874
Profit before taxation	3,965	3,109
Taxation	27,836	25,983
	9,869	9,076
Profit after taxation and before extraordinary items	16,067	16,907
Deduct:		
Interest of outside shareholders and pre-acquisition profits	861	1,016
Attributable to Charter	17,206	15,891
Earnings per share	16.42p	15.18p
Cost of dividends of 6.20866p per share (1974: 5.71371p per share)	6,507	5,957

Notes

In terms of an agreement with the Mauritanian government foreign share and debenture holdings in SOMIMA have been transferred to the Mauritanian state mining organisation, Société Nationale Industrielle et Minière (SNIM). SOMIMA is, therefore, no longer treated in the accounts as an associated company. Charter, in conjunction with other shareholders, was obliged to meet its liabilities as guarantor of certain of SOMIMA's loans at a cost of £8.7 million and in addition to accept as a loss loans totalling £2.7 million made to SOMIMA between September 1974 and January 1975. These amounts representing the remaining balance of Charter's investment in SOMIMA, have been written off in the accounts for the year under extraordinary items.

In addition, the fall in the exchange rate of sterling has required £3,230,000 to be provided against the conversion of monetary assets and liabilities held in foreign currencies.

Against these amounts a credit of £5,940,000 arises in respect of a net surplus from extraordinary items of associated companies.

After these provisions the net deficit of extraordinary items amounts to £83 million.

By Order of the Board
CHARTER CONSOLIDATED LIMITED
D. S. Booth
Secretary

Registered Office:
40 Holborn Viaduct, London EC1P 1AJ.
Registrars:
Charter Consolidated Services Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford,
Kent TN24 8EQ.
Consolidated Share Registrars Limited,
62 Marshall Street,
Johannesburg 2001,
South Africa.
3 June 1975.

Victor Britain.

It's how the other half travels.

Victor Britain is the way that Prime Ministers, Presidents and kings travel. It's the way you can travel, too, just give us a call.

We'll have a fine, new limousine and a chauffeur ready for you.

All ready to give you the smoothest, most comfortable ride possible.

So sit back, relax and find out how the other half travels.

VICTOR BRITAIN

The chauffeur drive service of Avis Rent a Car.
01-262 3134

NEW ISSUE

These securities having been sold, this announcement appears as a matter of record only.



GROUPEMENT DE L'INDUSTRIE SIDÉRURGIQUE

15,000,000 EUROPEAN UNITS OF ACCOUNT

9 % Bonds due 1983

Société Générale

Banque Nationale de Paris

Banque de Paris et des Pays-Bas

Crédit Lyonnais

Amsterdam-Rotterdam Bank N.V.

European Banking Company Limited

Société Générale de Banque S.A.

Kredietbank S.A. Luxembourgeoise

ALAHY BANK OF KUWAIT S.C. ALGEMENE BANK NEDERLAND N.V. ARAB FINANCE CORPORATION S.A.L.
ARAB FINANCIAL CONSULTANT CO. S.A.K. BANCA COMMERCIALE ITALIANA BANCA NAZIONALE DEL LAVORO
BANCO DI ROMA BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS) LIMITED BANK MEES & HOPE N.V.
BANK OF AMERICA INTERNATIONAL LTD. BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.)
BANQUE DE BENELUX S.A. BANQUE DE BRUXELLES S.A. BANQUE DE COMMERCE S.A.
BANQUE COMMERCIALE S.A. LUXEMBOURG BANQUE EUROPEENNE DE TOKYO
BANQUE FRANCAISE DE DEPOTS ET DE TITRES BANQUE FRANCAISE DU COMMERCE EXTERIEUR
BANQUE GENERALE DU LUXEMBOURG S.A. BANQUE INTERNATIONALE A LUXEMBOURG S.A.
BANQUE LAMBERT S.C.S. BANQUE LAMBERT-LUXEMBOURG S.A. BANQUE DE NEUFELIZ, SCHLUMBERGER, MAILLET
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND DUCHÉ DE LUXEMBOURG S.A.
BANQUE DE PARIS ET DES PAYS-BAS (BELGIQUE) BANQUE ROTHCHILD
BANQUE DE SUEZ ET DE L'UNION DES MINES BANQUE DE L'UNION EUROPEENNE
BANQUE WORMS H. ALBERT DE BARY & CO. N.V. BERLINER HANDELS-GESELLSCHAFT-FRANKFURTER BANK
CAISSE CENTRALE DES BANQUES POPULAIRES CAISSE DES DEPOTS ET CONSIGNATIONS CAZENOVE & CO.
CITICORP INTERNATIONAL BANK LIMITED COMMERCEBANK AKTIENGESELLSCHAFT
CREDITANSTALT-BANKVEREIN CREDIT CHIMIQUE CREDIT COMMERCIAL DE FRANCE
CREDIT GENERAL S.A. DE BANQUE CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CREDIT INDUSTRIEL ET COMMERCIAL CREDIT DU NORD ET UNION PARISIENNE - UNION BANCAIRE
CREDIT SUISSE WHITE WELD LIMITED RICHARD DAUS & CO. BANKIERS
DEUTSCHE BANK AKTIENGESELLSCHAFT DEWAAY & ASSOCIES INTERNATIONAL S.C.S.
DILLON READ OVERSEAS CORPORATION DRESDNER BANK AKTIENGESELLSCHAFT
EUROCAPITAL S.A. FINACOR FIRST BOSTON (EUROPE) LIMITED
GROZENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT
GOLDMAN SACHS INTERNATIONAL CORP. HAMBROS BANK LIMITED HILL SAMUEL & CO. LIMITED
INTERUNION-BANQUE ISTITUTO BANCARIO SAN PAOLO DI TORINO KANSALLIS-OSAKE-PANKKI
KLEINWORT, BENSON LIMITED KREDITBANK N.V. KUHN LOEB & CO. INTERNATIONAL
KUWAIT INVESTMENT CO. S.A.K. LA COMPAGNIE FINANCIERE LAZARD FRERES & CIE
LLOYDS BANK INTERNATIONAL LIMITED MANUFACTURERS HANOVER LIMITED MERCUR-BANK S.A.
MERRILL LANCHE, PIERCE, FENNER & SMITH SECURITIES UNDERWRITER LIMITED
MORGAN & CIE INTERNATIONAL S.A. NEDERLANDSCHE MIDDENSTANDSBANK N.V.
NORDDEUTSCHE LANDESBANK GROZENTRALE PETERBROECK, VAN CAMPENHOUT SECURITIES S.A.
PIERSON, HELDRING & PIERSON N.M. ROTHCHILD & SONS LIMITED SAMUEL MONTAGU & CO. LIMITED
SKANDINAVISKA ENSKILDA BANKEN SOCIETE DE BANQUE SUISSE LUXEMBOURG S.A.
SOCIETE DE BANQUE ET DE PARTICIPATIONS SOCIETE FINANCIERE POUR LE MOYEN-ORIENT - SOFINO S.A.L.
SOCIETE GENERALE ALSACIENNE DE BANQUE SOCIETE FINANCIERE SUISSE LUXEMBOURG S.A.
SOCIETE PRIVEE DE GESTION FINANCIERE UNION DE BANQUES ARABES ET FRANCAISES - U.B.A.F.
TRADITION SECURITIES LIMITED VEREINS UND WESTBANK AKTIENGESELLSCHAFT S.G. WARBURG & CO. LTD.
F. VAN LANSCHOT BANKIERS WILLIAMS, GLYN & CO.
WESTDEUTSCHE LANDESBANK GROZENTRALE

People to decide on Hull m-way

Financial Times Reporter

A PUBLIC questionnaire will decide which routes the Eastern end of the M.62 Motorway will take to Hull docks. The Department of the Environment yesterday published a consultation document which gives three choices with seven computations, for the £15m. proposed South Docks Road route from the Humber Bridge to the big passenger terminal at the port.

The Department admits that improved road conditions will increase traffic problems for Hull, with more heavy lorries passing through built-up areas. It also admits that if some of the route proposals are accepted, houses will have to be demolished; the road will cut through farmland and recreation areas; and there will be noise nuisance and some restriction to the riverside. But their are compensations.

People who see the proposals in large-scale plan form, when they are on show next week, will be asked to answer a 32-point questionnaire to help the experts decide the most popular route.

When the route is decided, Hull Corporation will be able to go ahead with its own City Centre-by-pass, which includes building a new £1.25m. high-level bridge over the River Hull.

BECAUSE of the frosty and sunny start to June, Britain's 3m. hay fever sufferers can expect a relatively easy time of it this summer. Grass pollen is the commonest cause of hay fever and because of the cold spring the hay fever season is getting off to a later-than-usual start.

The Asthma Research Council, which carries out pollen counts for sufferers in London and the home counties, announced yesterday that its counts would start next Monday. But Dr. Roland Davies, who prepares the council's bulletins, predicted a "relatively mild season for the average hay fever sufferer."

"In view of the lower-than-average temperatures in April and May, pollen production is later than usual this season and is expected to be from low to moderate, with up to 23 days of high pollen counts (above 50) and up to a dozen days of very high counts (above 100)," he said.

carpets international

Report and Accounts 1974

Record Turnover and Exports

"Turnover in 1974 increased to a record £77.4 million and the Group's export sales performance was the highest ever at £10.9 million."

"Carpets International increased its market share in the UK in both volume and value in 1974 and this progress is expected to continue."

"Some £12 million has been invested in new plant and buildings over the last five years and, with our eyes on the future, a further £3 million will be spent in 1975."

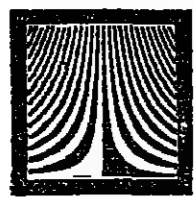
"The Group is well placed to take advantage of any upturn at home and overseas subject to the constraints of price control which in 1974 accounted for £1.5 million in lost profit."

"Although 1975 may prove a difficult year for the carpet industry, trade in the UK in the opening months has been better than anticipated and the new ranges well received."

W P W Anderson, Chairman

The Annual General Meeting was held on 3 June 1975 in London. Copies of the 1974 Report and Accounts are available on request from the Company Secretary.

Carpets International Limited, Kidderminster, Worcestershire



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH

New process comes to light

A GALLIUM phosphide production system has been evolved by Metals Research in a three-year programme backed by NRC. One result expected very soon is a down-coming of gallium phosphide that will make it competitive with gallium arsenide phosphide. This could bring a twinkle into the eyes of watch-makers and the manufacturers of pocket calculators.

The pocket calculator phenomenon became possible only when miniature lighting had been confined up to match miniatured circuitry. The light-emitting diode, or LED, played a vital part in the creation of the new market.

With substrates made from gallium arsenide phosphide crystals these tiny solid-state point-lights are strung together to form the numerals that a pocket calculator displays. But gallium arsenide phosphide lacks versatility in one respect. It is strictly a red-emitter, and red light is not always best for the purpose. Green, amber or yellow may be preferable in some conditions, and to some people in all conditions.

These cool colours have been available from LEDs but only from those made with the much more expensive substrate material, gallium phosphide. For some purposes (in research or for colour-coded indication) the extra expense has not been prohibitive and LEDs have made headway, but not in the fiercely competitive pocket calculator market.

The new crystal "puller" developed by Metals Research grows gallium phosphide crystals much more economically than any previous machine.

It works on the Czochralski principle, using liquid encapsulation and high gas pressure, but several practical "why-fies" have had to be acquired before economic yields could be obtained by growing large crystals. The new puller is

described as easy to work, clean, and fast in turn-round. Called the Melbourn, it is 16 feet high, weighs 3 tons, and produces unprecedentedly large crystals—up to 5 kg in weight and 3 inches in diameter—with a dimensional consistency that minimises wastage of material. In fact, the automatic control system keeps the diameter of the pulled crystal within 1 mm. of what is specified.

The cost of epitaxial wafer from gallium phosphide crystals made with current pullers is about \$40 per square inch, compared with \$12 per square inch for gallium arsenide phosphide. And it is in this region that Metals Research expect Melbourn-pulled gallium phosphide to compete directly with gallium arsenide phosphide. The company foresees capture of a big share of the LED market, and particularly for use in digital watches, where the low power consumption of LEDs is a special advantage.

Metals Research, Melbourn, Royston Hertfordshire SG8 6EL, 0763 60011.

Now all that could change. The new crystal "puller" developed by Metals Research grows gallium phosphide crystals much more economically than any previous machine.

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HEATING

Insulation of furnaces

STEEL-BACKED panels with graded insulation faced with ceramic fibre at the hot face are being offered for use in furnaces by Chantherm, Cosmos House, 1 Bromley Common, Bromley, Kent, (01-464 5421.)

These panels are available in various sizes so that a complete furnace can be built up by bolting together individual panels. Where an existing furnace has to be lined this is achieved by means of the Pyroblock system in which ceramic fibre in the form of 1 foot square blocks are fixed to the wall in a single operation by means of a stud welding system.

The company says that both Clinotherm panels and Pyroblock make use of fibre on-end which considerably enhances the properties of ceramic fibre making it less subject to divitification and progressive erosion through lamination of the fibres. The end-on fibre is also tougher and less subject to erosion from high velocity gases. Ceramic fibres can now be used for temperatures up to 1,500 degrees C. It is asserted.

Clinotherm says that by using ICI Saffil high temperature fibre it has been possible to construct a steel works soaking pit cover with only 12 inch of insulation between the hot interior (1,550 degrees C) and exterior.

Apparently the plated finish was found to be attractive because it offers high absorption in the solar spectrum and has very low infra-red emissivity, which means that it absorbs the sun's heat well and loses comparatively little of the energy collected.

The best results were obtained when the matt black chrome was plated on dull nickel which had been plated on buffed steel. Its efficiency is stated to be nearly 10 times that for black paint, the usual finish for solar panels.

The plating materials are available in the U.K. from Harshaw Chemicals, PO Box 4, Deventry, Northants.

Although the installation at K. T. Trucks is flush floor fitted, the low profile design enables the equipment to be mounted on a level floor in any convenient area in the workshop—ramps are available so that the vehicle wheels can be positioned on the support rollers.

The equipment was developed by Leslie Hartridge, Buckingham (028 023681)—a Lucas company. The company has just published an injector pressure wall chart for more than 100 popular makes of diesel engines covering a total of almost 1,000 applications. The chart includes a guide to nozzle fault tracing, and is available free.

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PRINTING

High-speed typesetting

CHARACTERS ARE "written" on a ten-inch cathode ray tube and transferred at speeds up to 1,000 newspaper lines per minute via photo-sensitive material in the 7400 phototypesetter announced by Harris Intertype, 145, Farham Road, Slough, SL1 4XD (Slough 34666).

Input to the machine can be on-line from a Harris information handling system for operation with correction, editing, etc., or from magnetic tape, to provide the high speeds. From a paper tape holding pre-processed copy in six or eight level code, via a standard tape reader, 500 newspaper lines/min. can be set.

A combination of magnetic core and disc is used to store digitally each of four master point sizes (7, 14, 28 and 56 point) which can be magnified or reduced to provide a point size range of 5 to 96 point in 0.1 point increments. The basic machine can store 20 on-line type faces in each of the four sizes, with up to 128 characters in each font.

Initial models will be for up to 68 pica line length, but the hardware philosophy allows 100 pica, to be introduced later, 68 pica models will be capable of upgrading later on customers' premises.

Between 5 and 72 point the character resolution is from 1,000 to 500 lines per inch, reducing to 420 lines per inch at 96 point. Faces can also be electronically condensed, expanded or obliterated.

Mixing of faces/sizes at high speeds is possible since choices are made at electronic speeds and because the machine "reads ahead" allowing the requisite commands to be initiated ahead of setting. In addition up to 24 points of leading can be achieved instantaneously.

An optional built-in on-line processor-dryer for stabilisation paper can be provided, and the system can also be equipped with powered cassettes, a drop box, or can be fitted to a user's darkroom. Prices start at about \$40,000.

Because of its magnification capability and natural colour, Vista could also be used to check artwork and film.

Plessey Traffic and Instrumentation, Poole, has brought out Vista-Visual Inspection System Traversing Apparatus—a scanning system designed to check printed circuit boards after screening and plating.

This equipment provides systematic screening of printed circuit boards on a large screen giving a ten-fold magnification. The boards are shown in natural colour and in stereo, enabling flaws and errors easily to be identified. Those that have been plated through can be checked and track dimensions measured directly on the screen. Micro-

scopic viewing is also available for clearer definition.

The apparatus enables faulty areas to be re-worked without removing the board for Vista. Once corrected, the operator can return the PCB to its original position and continue the checking process. It is simple for the supervisor to monitor the work being carried out.

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ELECTRONICS

Close check on circuits

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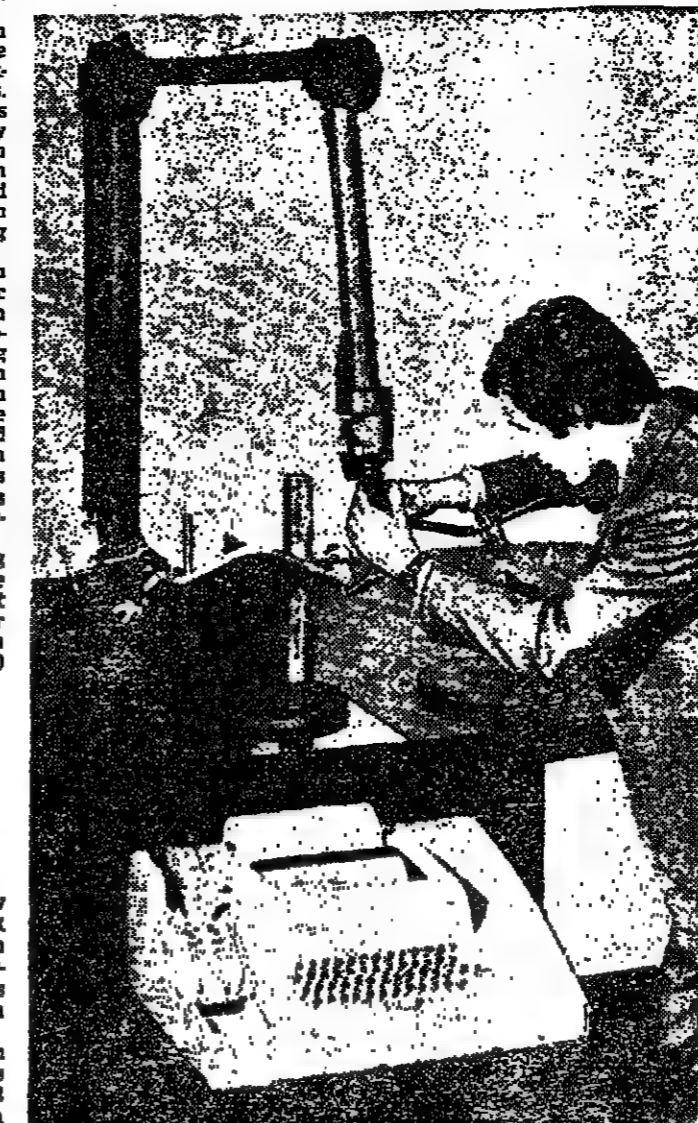
Birwelco
Uskside

Save electrical power by using Birwelco induction heating furnaces for billets and bars

GKN Electronics (Uskside) Ltd.,
Church Street,
Newport, Gwent NP23 2TW,
Tel: Newport 65021
Telex: 43526

A GKN Engineering company

METALWORKING



Complex pipework involving multiple bends can be quickly reproduced by using this computer-aided system called Vector marketed in Europe by Addison Tool Company, Westfield Road, London, W3. The company says that to reproduce such a part previously up to five hours would be necessary to arrive at the correct setting for angle and phase of bend as well as distance between bends. Also, the setting must compensate for material spring-back and elongation at each bend. Now it can be done in under 10 minutes, it is claimed. The system comprises two parts, Vector 1 and Vectorbend. In Vector 1, the data to produce the finished part is accumulated and translated into coded instructions which are fed into Vectorbend, which actually produces the part.

brakes, nibblers, cold heading machines, hot and cold forging machines and stone crushing machines.

Should either of two pre-set levels of loading be exceeded during operation of the machine, the instrument will provide separate electrical signals which can be used to actuate any two operations which might be required from a number of alternatives.

For example, the signals could be used to provide a count of loaded strokes, to give audible or visual warnings of machine or tool overloading, or to switch off the machine. A portable meter can be connected to the unit to record maximum loads.

The machines are thought to be CPU problems arising from its method of manufacture. There is said to be a lack of balance among components primarily due to settling for those available rather than those exactly specified. These electronic problems have in their turn caused operating system problems.

The machines returned are said to have been sent back mostly by experienced users in Czechoslovakia. An indication that there might be some sub-

How temporary this will be will depend upon the expediency of the applications available computerisation and their place within the production programmes of Eastern Europe.

The problems do not seem to have affected the sales of other than American computer manufacturers: ICL reports little change or unusual interest.

That there are problems in itself not surprising — the recent CII trauma is a case in point.

More importantly, it is being said that some RJAD systems have been returned to the manufacturers. The troubles are believed to have occurred primarily with the RJAD 1020 manufactured at Minsk in the Soviet Union. This system is roughly equivalent in power to the IBM 360/40.

Specialists in Eastern Europe trade indicate that they expect more sales to come as the result of RJAD problems. The belief is however that this will be a one-time usage.

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The Executive's World

EDITED BY JAMES ENSOR

A Prince, Cognac and a Workers' Co-op

BY DOINA THOMAS

TAKE A THOUSAND-year-old noble name, blend gently with a 45-year-old co-operative and the result is an eminently potable cognac called Prince Hubert de Polignac. It is also a mixture likely to tickle the fancy of British managers at this moment—a worker's co-operative (though some of the workers are exceedingly rich), using the name and personality of one of France's most distinguished aristocrats to their mutual profit.

Unlike the general run of British co-operatives, however, many of the co-ops in France are apolitical which takes some of the spice out of the situation. M. Jean Coussie, managing director of the Frs. 87m. turnover Co-operative de Cognac which markets Prince Hubert de Polignac (the brandy, not the man) insists that all members of the co-op must avoid involving the organisation in any political affairs.

This particular co-op, like most co-ops whether British or French, was born out of economic necessity. Then as now, the cognac market was facing a downturn in sales but to-day the cognac producers are better equipped to face the subsequent problems. "Our co-operative was born out of simple necessity," says M. Jean Coussie, whose father in law was responsible for its creation, "it takes something close to economic disaster to make the conservative and independent minded vineyard owners get together."

To-day the co-operative numbers some 4,500 members, all of them vineyard owners and some of them also involved in the management of the co-op. In fact a strong hereditary element seems to be building up in this unusual co-op, a factor which might distress the advocates of a more politically minded form of co-operation in this country.

While M. Jean Coussie, son-in-law of the founder of the co-op, is its present managing director, the founder's son Bernard Lucquaud is deputy managing director, and other members of the family are also involved in the management organisation. But then no doubt sons of the founding vineyard owners have also continued membership of the co-op. And indeed it is difficult to imagine anything as capital and labour intensive as the cultivation of the grape existing without some element of hereditary ownership involved.

And yet the guiding principle of the co-operative is the survival of the many rather than the support of a few. To-day, as when the co-op was founded, this principle is coming dramatically to the fore as cognac sales slip in face of the world recession. "The sales of cognac reflect a standard of living," observes M. Coussie, "and people are feeling that their standard of living is on the decline at the moment."

Worldwide sales last year amounted to around 104m. bottles, 82m. bottles were exported with Britain as the largest customer taking some



Tasting Prince Hubert de Polignac

20m. bottles alone. But the global sales were down a good 15 per cent. on the previous year and in the first three months of this year in Britain sales dropped by nearly double that amount. The cognac houses are taking collective action—only releasing one-fifth of 1973's production for sale and not selling any of 1974's distillation—but while actions like this will keep prices up in face of slackening demand it will be of little help to the growers faced with the possibility of a bumper crop this summer.

The grower members of the co-operative can at least push part of this problem onto the management of Unico-op for it is obliged to buy a proportion of the crop from its regular suppliers.

Not all members of the co-operative are regular suppliers, these number only around 3,500 and "they get special treatment from us because obviously we need regularity of supply," observes M. Coussie. In this a large part of the burden of financing stock, particularly onerous in the production of cognac, is shifted from the individual grower to the co-operative.

It was money that brought together the original couple of dozen growers into a co-operative in 1929 but in those days, although co-operatives were well accepted and had existed for some time in the dairy industry, the banking world was still a little wary of them. "In those days our only capital came from the growers," explains M. Coussie, "and the shortage of capital considerably hampered our early growth."

The banks were by the end of the last war well used to both financing cognac stocks and lending money to co-operatives, fortunately for the birth of Prince Hubert de Polignac (the cognac, not the man, he is slightly older) one of whose brands, Dynastie, contains brandies that have matured for a minimum of 40 years. While the banks receive market rates of interest for their loans the members of the co-operative settle how much they are going to pay themselves by dividend on their shares at the annual meeting, after advice from the management, naturally.

"Because we are a co-operative we are always having to justify our decisions to our members," observes M. Jean Coussie, "we therefore have a very wide structure for disseminating information." The annual meeting of members is the basis of this structure and at least 40 per cent. of the growers attend in contrast to the apathy shown by ordinary shareholders generally.

For ease of communication the membership is divided into fifteen groups each of whom is regularly visited by the co-operative board of management. Each group elects three representatives who go to the annual policy meeting at which the accounts for the year are also discussed. In addition Coussie meets two or three times a year with the 27 odd distillers associated with the co-operative (some growers also do their own distilling).

When the senior managers are not visiting the growers, "conseillers de co-operative" and "auditeurs libres" are

co-operative does no direct distribution itself, in France where Polignac is now fifth in the market, the Amer Picon organisation distributes the brand.

But the marketing of Polignac is firmly in the hands of the co-operative's management who are now tentatively trying their hand at another product, Reynac Pineau des Charentes, a fortified wine aperitif. Consultants designed the distinctive bottle and the various labels and others are responsible for the advertising. The co-operative is determined to keep its central management numbers right down; for example, although exports now account for over 70 per cent. of sales, the export department consists of only four people.

However it is expanding in other ways. It is part of the co-operative's policy to take as much control as possible over the production of its cognac and to further this aim it has invested in extra distillation capacity. At present it distills about two-fifths of the cognac it uses and plans are drawn up to increase this though at present they are in a state of suspended animation until the market picks up. A new bottling line, where the bottles are rinsed in cognac before filling, was built two years ago and is now due for extension.

Capitalist

But the advances are not all confined to marketing or production. The co-operative is pretty innovative in personnel policies, too (at least by the standards of Cognac). It installed a modern canteen serving food and wine above its new bottling line. The traditional two-hour lunch break has consequently dwindled to 45 minutes and employees leave earlier in the afternoon, and they seem to like it.

The present modest success of this co-operative with aristocratic connections must owe much to its partial adoption of the ordinary capitalist way of managing an enterprise. The co-operative element of the business is not allowed to intrude into the day to day management but shows itself strongest in the willingness to centralise management to disclose the reasons for its actions. That would seem to argue that disclosure does not necessarily hamstring management.

However Britain is more likely to judge this co-op by the effect of its product on the palate and that is what will determine the success of Prince Hubert de Polignac (the brandy, not the man), in this country.

Fair play for shareholders

BY G. ROSS RUSSELL

THE LAST YEAR has seen considerable debate on the development in the U.K. of various facets of industrial democracy, including worker participation in the boardroom and the rights of trade unions to have access to a company's future plans.

So far the debate has not resulted in a new approach to combating one of the basic conflicts in private sector industry, which is the lack of community of interest between employees and shareholders regarding growth of a company's profits. In simple financial terms the average shopfloor employee is interested only in his wage packet and sees little direct connection between this and the earnings of the company. Yet unless we can establish a community of interest so that employees work for and welcome higher profits, there is a danger that, with the present balance of power in our society in favour of labour rather than capital, our version of the capitalist system as practised in the U.K. will wither and die.

In establishing a community of interest between employees and shareholders regarding growth of profits, the first problem is one of semantics. Since the concept of profits for so long that the word is emotionally unacceptable.

An alternative approach is that the existing equity holders of a company should exchange their existing Ordinary shares for a new class of capital, cumulative preference shares with a coupon indexed to the cost of living. The basis of exchange would be such that the initial dividend payment on the preference shares would be as great as the former ordinary dividend, and the shareholders would be assured that they would be entitled to a dividend which would grow (and diminish) with the cost of living.

In addition, the existing ordinary shareholders would receive say 50 per cent. of the "new" equity capital, and the balance of the new equity would be held on trust for the employees of the company. It might be appropriate that the proportion of the new equity held on trust for employees would reflect the relative contribution of capital and labour to a particular company.

The employees' holding in the new equity capital would be held on trust for all current serving employees of the company and the income from the holding would be distributed annually. The trustees would

be elected annually by the employees in secret ballot; they would have discretion in respect of up to, say, 20 per cent. of the income to use for charitable or other purposes (for example, holding reserves to take up future rights issues) and the rest would be distributed to employees. Because only a small amount would be due to each employee, at least in the early years of the scheme, the employees might prefer a lottery whereby a lucky few got a worthwhile sum. Employees in this context would include all employees, including executive directors.

The Trust could not sell the shares other than to accept an offer for the whole of the share capital. An employee would have no claim on the Trust after leaving the company.

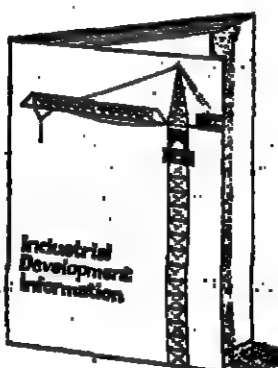
The dividend on the preference shares issued to the former equity holders would be indexed to the cost of living: it would not rise as fast as employees' wages, which are likely to have an element of productivity in their annual increase. The shares would be cumulative and preferential: if possible, it might be desirable to give them some rights in call for a liquidation and repayment of capital if dividend were not paid for a period of, say, ten years.

The indexed shares would on issue have a value approximately the same as the current value of existing equity and the new equity capital would grow in value with the future real growth of the company. The benefits of this would be shared by shareholders and employees.

The preference shares and the new equity shares would have an equal number of votes so that an employees' trust holding 50 per cent. of the equity would control one-quarter of the voting power. This would be likely in due course to lead to increased board representation by the employees.

Existing shareholders would be "giving away" half of the benefits of the future real growth of the company, but if the result was a motivated and cohesive work force then the half they retained could be more valuable than that which they give up. Furthermore, the existing shareholders would (subject to profits being earned) be assured of a future dividend from the indexed preference shares which would rise with the cost of living. In the present climate of dividend control and high inflation, there is considerable attraction to shareholders in the idea of an indexed preference share.

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BUSINESS PROBLEMS

Overseas securities sales

BY OUR LEGAL STAFF

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Striking a company off the register

I have been notified by the Companies Registration Office that a company in which I am a shareholder, unless cause is shown to the contrary, will be struck off the register and the company will be dissolved. Could you let me know the effect of this? All that is involved is that the company will cease to exist as a separate entity. If, therefore, you have any claim on the company, or if the company has property which would enable it to show a surplus of assets over liabilities so that you would share in that surplus as a contributory (shareholder) you may wish to prevent its being struck off the register.

An estate agent's commission

We acted as estate agents for the owner of a property, but after signing of a contract, and the deposit of £1,000, the purchaser said he was not going to proceed. The vendor demanded reimbursement for loss of interest and damages, which the purchaser is disputing. Was our commission correctly earned? Can we take steps to insist that the balance of the deposit monies be taken over from our office?

While we do not know if your terms of engagement contain any express provision as to the point at which remuneration is to be payable, the position under the terms which would normally be implied appears to be that you could claim your commission—assuming that the signed contract was unconditional, binding contracts. You can resolve the problem as to the deposit by invoking a legal process known as interpleader whereby you call on the rival claimants to resolve their claims in litigation if they cannot agree.

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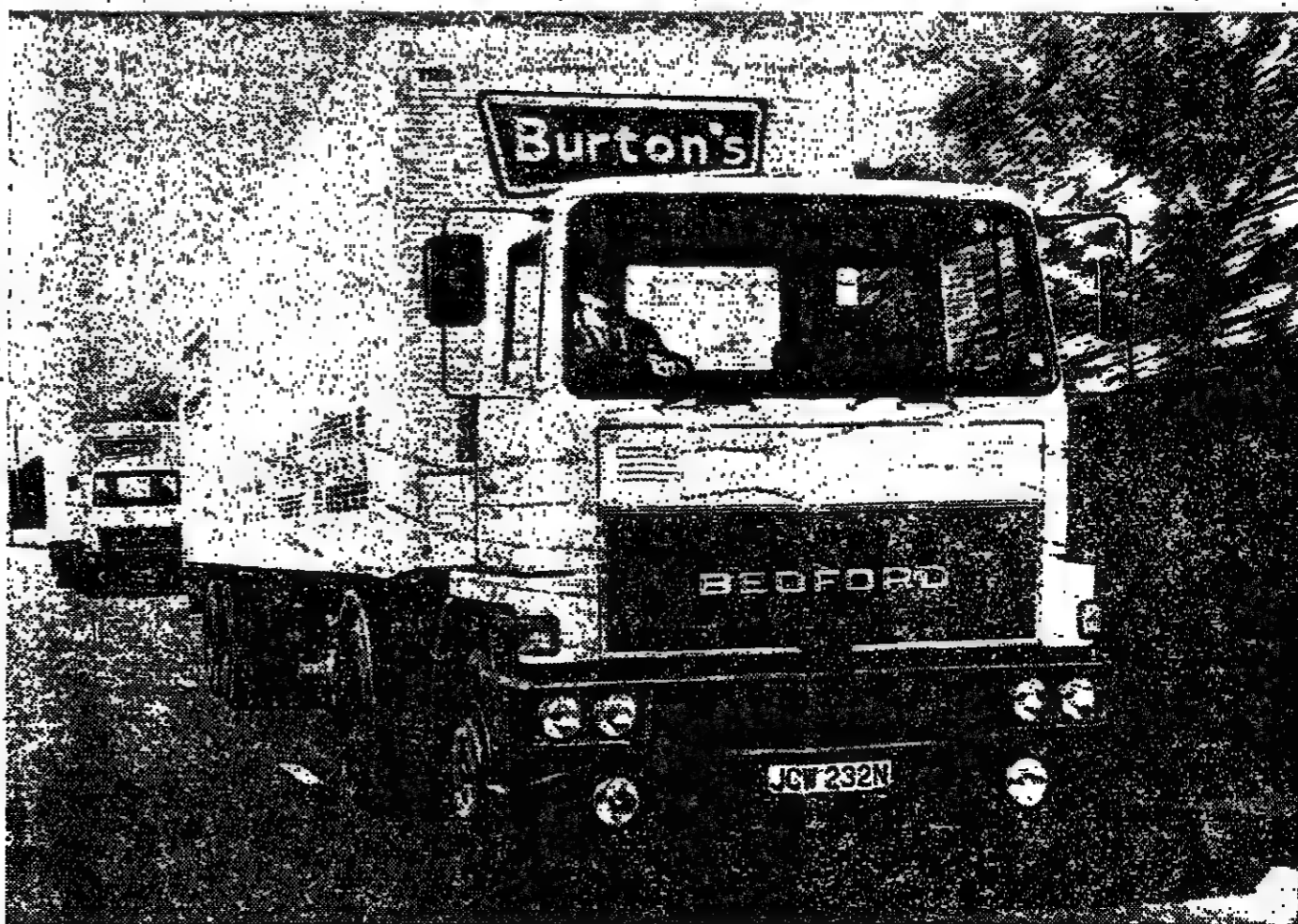
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WEDNESDAY, JUNE 4, 1975

Battle for the AUEW

ONCE AGAIN the President of the Amalgamated Union of Engineering Workers, Mr. Hugh Scanlon, has used his casting vote in a manner that will effectively deny to many of his members that free, democratic expression of their collective will that he is so fond of proclaiming as their right. His vote serves to confirm the abolition of the postal ballot system for electing the AUEW's 150 full-time officers: on past form this could mean that the turnout in future union elections might be halved, or even quartered. The reason is that it is mainly activists who attend branch meetings and vote there; if the postal vote is denied to the rest of the membership its voice is less likely to be heard. This would be a retrograde step in a union that is widely regarded as one of the most democratically-structured of the big battalions.

The full story is not a happy one to recount in a country that prides itself on its democratic institutions. Three weeks ago the position in the union was that delegates to its rules revision conference had voted 27-25 to retain the postal ballot. Left-wingers then objected to the presence of two delegates from South Wales. The two were eliminated by a 4-3 vote of the AUEW's standing orders committee, which was confirmed by the Executive Committee on the casting vote of Mr. Scanlon. This left the rules revision conference split 25-25—and Mr. Scanlon used his casting vote against the retention of the postal ballot.

Appeal

One of the disqualified delegates, Mr. John Weakley, appealed to the union's executive. This body might have voted in his favour—but for the fact that one of its moderate members, Mr. John Boyd, won the post of general secretary in a referendum of Right-wing opinion expressed through the postal ballot. The left voted to have him take up his new position immediately: the result was a 3-3 split on Mr. Weakley's appeal—and yet again Mr.

Paying the price for inflation

THE SHARP drop in the reserves in May can have occasioned little surprise after the heavy fall in sterling during the month, and has indeed been accepted with little reaction in the exchange markets: the fall in the rate and the fall in the reserves reflect exactly the same lack of overseas confidence in the performance of the British economy, and has for the time being been discounted in the exchange rate. It would be a foolish mistake, however, to take the market's calm as an excuse for complacency. The cost of our failure to correct our domestic inflation cannot be met out of reserves indefinitely, and the limits of the time at our disposal are becoming clearly visible.

Pattern of even's

Unfortunately the pattern of events has to some extent concealed what is going on, and the warning may not therefore be clearly understood. Instead of a steady drain, month by month, which would be seen as the counterpart of our continuing balance of payments deficit, the reserves and the rate have fallen in two rather sharp adjustments, in December and May, which have been widely reported as "crises" and may popularly be attributed to the work of "speculators."

What has in fact happened is that in the last six months the reserves have fallen by £1,350m., or a little less than £600m. at current exchange rates. This means that about half the current account deficit for the period has been financed from the reserves, long term borrowing overseas by the public sector has been the other important source of finance. While there has not, over the period as a whole, been anything that could be called a run on the pound, London has no longer been able to attract private funds, even at relatively high interest rates, for investment in sterling assets.

Under a floating regime, this situation does not qualify as a crisis, but it is clearly a

great deal too tight for comfort. There is no doubt about our ability to finance the balance of payments: the reserves alone would be adequate for quite a long period, given the sharp improvement in the balance in recent months, and they are backed by a more or less equal sum in swaps and relatively easy drawing rights in the International Monetary Fund, with yet a third tranche of equal size in various agreed but conditional oil and EEC facilities. The danger lies, as it always does, in the capital account: if the reserves can fall by nearly 20 per cent. in six months without any run on the pound, what financing, or what drop in the exchange rate, would be required to meet a real crisis of confidence?

Reshuffle

The danger of a crisis in confidence is best met, in advance, not by financial arrangements, but by policies which improve confidence; and despite the many official denials that any "package" is being prepared, foreign opinion will expect some action from the Government after the referendum and the long-heralded Cabinet reshuffle which is to follow it.

The kinds of policies required need little expansion here. The most impressive would be an effective attack on domestic inflation—with a first prerequisite a policy of more determined resistance to unreasonable claims in the public sector. Almost equally urgent is a more convincing attack on the size of the public sector deficit. Finally, and least desirably, it may be necessary to adjust to our present failure to check inflation not only by allowing the exchange rate to adjust, but by allowing interest rates to come a lot nearer to compensating foreign holders for that depreciation. What the reserve figures clearly tell us is that if we do not take these steps ourselves, and voluntarily, we may be driven to borrowing on conditions which could be a great deal harsher.

OF all the blows which Labour's social contract has suffered in the past year, the decision of the National Union of Railwaysmen to call a national strike from June 23 is perhaps the most devastating. For the NUR is not merely trying to win a big pay rise in excess of the level of price increases or making vague militant noises. What it has done—whether or not a strike takes place—is to mount the first official, specific, national challenge to the partnership concept of the social contract—apart from the Bakers' brief eruption late last year—and to threaten the Government with a national confrontation of the type which constantly bedevilled Labour ministers when they were last in power in the 1960s.

It was precisely to avoid such confrontations that men like Mr. Jack Jones of the Transport Workers pioneered the contract concept. Even though Mr. Jones' members along with those in the General and Municipal Workers and other "loyal" unions have constantly undermined the concept with high wage increases, none has mounted an official national challenge of any substance.

Yesterday as the Government, British Rail and other union leaders started to assess the new situation, the only bright spot was the fact that it is virtually certain that far fewer than 21 members of the NUR's national executive really want a strike despite Monday's 21-3 vote. There are thought to be at least four Communist Party members on the union's 24-man national executive, together with some other hardline militants, but the indications so far are that they do not represent a majority. On the other hand, the NUR is a rigidly constitutional union and it will find it much harder to get itself off the hook by June 23 than it was to get on it, even though it has left three weeks for peace moves.

Behind the decision

Behind the executive's decision lie several important factors which help to explain its show of long-range militancy after a number of years of comparative moderation during which it has been the Associated Society of Locomotive, Engineers and Firemen (ASLEF) which has been involved in most railway industrial relations problems. These factors include the position of the railwaymen near the end of the public sector wages round in which most other groups have secured increases of 30 per cent. or more, compared to a basic 27.5 per cent. in the railways' arbitration report last Thursday.

Railwaymen are also a status conscious breed and this year



Mr. Sidney Weighell, the NUR's new general secretary: he serves a national executive which does not like the holder of the post to take on too much responsibility.

the NUR has been determined to maintain its position in the country's wages league, especially in relation to the miners, whose Euston Road headquarters in London faces the NUR's and whose leaders have shown in recent years that militancy can pay. A similar lesson about the potential success of militancy, has also been taught by ASLEF—and the electricity supply manual workers and power engineers undoubtedly influenced some members of the NUR executive when their recent threats of official strikes led to their winning over 30 per cent. increases.

On top of this, the NUR has a new general secretary, Mr. Sidney Weighell. He is a bouncy, self-confident Yorkshireman determined to make his mark and in so doing to make sure that he and not Mr. Ray Buckton, ASLEF's general secretary, is regarded as the senior union voice in the industry. Mr. Weighell went out on a limb in publicising the justness of the NUR pay claim. At his union's head office he has introduced organisational reforms which were clearly designed to show that a new boss had arrived following the retirement earlier this year of the Green Sir Sidney, and now Lord Greene.

The NUR's national executive, however, does not like its general secretary to take on too much responsibility—Lord Greene coined the droll phrase "I must consult my executive" when he was faced with his most serious problems a few years ago. Accordingly, the NUR executive has now twice made this clear to Mr. Weighell. This was a blow for his prestige, especially after he had spent several days settling the scene for talks which might have yielded a settlement. They included the overwhelming

vote against strike action by a conference of NUR branch secretaries over the weekend—a recommendation which the national executive brushed aside, again underlining that it and no-one else apart from the union's annual national conference makes policy decisions. In the 1960s the NUR was expert at issuing militant ultimatums, often withdrawing from them at the 11th hour. Part of the drama involved trips to Downing Street—and once to Admiralty House to see Mr. Harold Macmillan when Downing Street was being rebuilt. Tea, beer and sandwiches, which Mr. Macmillan and then Mr. Harold Wilson handed out, became part of the railway wages scene.

Although it has approached the brink on several occasions, the NUR's last national strike was in the 1926 General strike. Since then it has favoured

HOW THE TRIBUNAL AWARD WAS MADE UP

	Railman	Driver	Top Signaller
Existing rate	£27.45	£41.35	£48.90
Existing threshold	£4.40	£4.40	£4.40
BR's new money offer	£1.05	£4.45	£5.80
Total offer	£31.10	£50.50	£58.20
Tribunal new money offer	£1.60	£2.60	£3.80
Minimum earnings guarantee	£4.00	—	—
Total tribunal award	£36.70	£53.10	£61.20

less but almost equally disruptive action. But the main push for militancy has swung away from the NUR to the ASLEF since the industry's 1968 dispute. This is partly because until then most disputes were over outside comparability with other groups of workers and the NUR being militant on behalf of the low paid among its 184,000 members.

The 1968 deal set a new wage structure. The main emphasis in the years that followed involved ASLEF fighting to maintain its elite craft status and pay differentials at a time when increased mechanisation and advancing technology were reducing the relative importance of train drivers and firemen from what it had been in the age of steam. Now, however, the pendulum has swung back.

The issue in dispute this year is the way railwaymen's pay compares with that of other groups such as miners and postmen rather than pay differentials within the railway structure. The NUR wants to retain the relationship between its members' pay and that of surface miners, established by a "special case" award last year which led to railwaymen receiving a 30 per cent. rise totalling some 36 per cent.

It said in its original submission

to British Rail, and this repeated on Monday, that this means a new minimum weekly rate of £34.65—about £2 above the £32.70 recommended by the tribunal on Thursday and considerably more than the £31.10 originally offered by British Rail.

At the same time, however, ASLEF has been insisting on restoring internal differentials

on a percentage basis. These have been eroded over the past year by the £4.40 threshold payments awarded on a flat rate basis. This stance of ASLEF, and its high paid union within a pay structure, illustrates the tensions which flat-rate as opposed to percentage pay rises create as high paid workers claim compensatory rises later to keep them ahead of the lower paid. For this reason a lot of opposition is building up against Mr. Jack Jones' idea of a flat-rate payment in the next stage of the social contract.

ASLEF has succeeded in maintaining differentials and its normally militant and divided national executive accepted the arbitration findings with considerable enthusiasm on Monday. This was partly because its receives a hidden bonus for most of its members from the 27.5 per cent. basic to just over 30 per cent.—the increases on basic rates also proportionately increase "unsocial hours" bonuses awarded under the Conservatives' old Stage Three pay policy.

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Mr. Weighell had told the arbitration tribunal that he favoured a mixture of a flat rate and a percentage award which would help to solve his low paid problems. But this would have pushed the total increase in the wage bill to well over 30 per cent. This might not have upset British Rail too much, with the knowledge that the Government would have to provide the funds. But it would have angered Ministers by putting a degree of formal blessing on the present unofficial 30 per cent. gain rate in the public sector.

The arbitration award, however, did suggest that the railways should reintroduce a minimum earnings level—a form of guaranteed weekly payment—£4 above the proposed £32.70 basic rate. Presumably the arbitrators hoped this would win the favour of the NUR by helping the low paid. But the Union has shown little real interest in this idea, partly because it would mean paying differentials, which are already very tight at the bottom end of the railway pay structure, and partly because it would also mean that the first few hours of overtime worked by a railwayman would not earn him any extra money until he passed the £36.70 point.

As a result the lowest basic rate remains the main point of dispute—the fact that the tribunal also rejected a forward looking threshold arrangement is not a major issue at present and did not figure significantly in the NUR executive's discussions before the strike vote. The executive was unanimous that the arbitration findings were inadequate. Its debate was, rather, over whether Mr. Weighell should have his way as a high paid union within a pay structure, illustrates the tensions which flat-rate as opposed to percentage pay rises create as high paid workers claim compensatory rises later to keep them ahead of the lower paid. For this reason a lot of opposition is building up against Mr. Jack Jones' idea of a flat-rate payment in the next stage of the social contract.

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Government's credibility

The main reason is that the Government's credibility on wages is brought into the issue, with Ministers not wanting to be seen to be giving way to the Militancy—especially when arbitration findings, prepared by an independent arbitration committee, are being accepted. In addition, ASLEF and the third railway union, the Transport Salaried Staffs, are waiting in the wings. Even though they have both accepted the arbitration money and will insist on being given any extras handed out to the NUR, it is not a question, therefore, of merely raising the lowest basic rate by about £2 to £34.65 to maintain a relationship between the lowest paid railwaymen and surface coal miners.

Any such rise will have to be echoed throughout the railway pay structure. This, the NUR estimates, would raise the cost of the increases from an arbitration figure of £77.5m. a year to £100m. a year—a one third improvement on the total 27.7 per cent. arbitration award.

Now the Government must decide whether to withstand a railway shutdown—in the knowledge that such a strike has more nuisance value than serious effects on the economy for at least in the initial stages. In addition railway strikes rarely if ever attract public support—unlike miners' disputes—although there may be some sympathy for the railwaymen since they are the first major public sector group to be held down below 30 per cent. in this wage round. With seamen, steelworkers, chemical workers and local government staffs all facing pay problems, therefore, Ministers will not want to give him any extra money until he passed the £36.70 point.

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MEN AND MATTERS

Innes: asked to go

The tragedy will be if bright people are forced into money-making rather than thinking, declares David Innes, as he surveys the disappearance after five years of his job as chairman of and chief executive of the Heenan Spark conglomerate.

One of the band of financiers who alighted on small shell companies in the early 1970s, Innes, now 40, built up Heenan from a hardly exciting £1m. engineering and property concern into the present group with interests ranging from the original activities on to banking, consumer products, and timber. And, until the last few days, there was the Rosedale Industries too: having pleaded for a £11m. Government loan (recommended strongly by the Department of Industry investigators, claims Innes, but held up by referendum campaigning) it is now in receivership. Rosedale spoiled the Innes record by pulling Heenan Spark £674,000 into the red in the first half of 1974-75.

Not an unfamiliar problem, but why Innes' abrupt resignation? He ascribes it to a row with Barclays, Heenan's principal bankers, who insisted on his stepping down. Derek Wilson, a City accountant who has been group financial adviser for several months and succeeds as chairman, put the situation another way: Innes' resignation, and the gradual winding down of executive responsibilities by another director, Canadian Tom Buffett, are "actions" have the support of the bank and further management reconstruction is foreseen. Innes says Buffett has been in charge of rationalisation and negotiations with bankers. Barclays declines comment on the situation.

Innes is staying as a director, keeping an eye on 1.3m. shares, the biggest individual stake, currently worth 7p a time and not intended for sale. Also an accountant and Newcastle-born, he spent six years managing Harold ever's business affairs. The Heenan venture was preceded by three years with Pat Matthews' Birmingham Industrial Trust as managing director. Innes promises "new adventures" and presumably some of these could involve Forkgreen Investment Trust where he is chairman with 305,000 of the shares (4p at present). His fellow directors there include Buffet and ex-Fine Fare chief Jimmy Gulliver: 31.6 per cent. of the company is owned by Heenan Spark.

As for Heenan, he and Wilson are agreed that aside from Rosedale, the 30 or so other subsidiaries are performing to expectations. IWH Rosedale maintains production and Tri-Ang Pedigree already rescued courtesy of the State, it is still "quite possible that the DoI will come into the picture," says Wilson.

Stuffed shirts

A nose for a market, that Robert Kraus, Well, what else would you expect me to say when reporting that next week 40,000 freshly imported T-shirts from America will arrive in British shops selling under the brand name of "Smell it like it is." For £1.99, the shirts have a built-in fragrance—"Florida orange" to "zippy banana" which should last through three "gentle washings." The smell is released by rubbing an appropriate design on the shirts' front, all made possible by a development in microencapsulation by 3M in the States.

Kraus is managing director of DoI, an import company, to and the right six

fragrances for the British market, he had to sniff his way through a whole spectrum of Scotchies, including such American favourites as "pickled pineapple" and "root beer." Both of these were dismissed as too made from Scottish malt and powerful for the sensitive British nose which, it was felt, Japanese. But then they don't would prefer such innocent delights as English rose and sweet apple.



"We are not amused!"

Sect h protect

After several previous rumblings of discontent, the General and Municipal Workers' Union yesterday called on the Government to curb the export of bulk malt whisky which, it fears, will lead to the loss of jobs in Scotland. "We are telling the distilleries that the situation has become intolerable, and our members are now willing to take industrial action to bring a halt to this," said George Robertson, the union's Scottish regional organiser.

The bother, although Robertson referred to a Japanese label on which Mount Fuji looked

"suspiciously like Ben Nevis," is not about the sort of bogus Scotchies with names like McFish which are sometimes can favours abroad. The Japanese don't pretend their whisky, made from Scottish malt and their own grain, is anything but British nose which, it was felt, Japanese. But then they don't would prefer such innocent delights as English rose and sweet apple.

The trouble (though any bulk exports could be held to cost Scotland bottling and packaging jobs) is that the Japanese are getting to oodled at their blending. The fear is that they will start exporting and cutting across the other world markets for Scotch, particularly to the West Coast of the U.S.

That the threat is there is shown simply in the fact that the Distillers Company refuses to export any bulk malt whisky to Japan. That the Japanese take it seriously was indicated by Suntory, by ensuring its source of supply, buying up 10.4 per cent. of Glenlivet Distillers shares soon after Imperial Group had looked as if it might have a bid in mind by buying nearly 30 per cent.

In fact the anxiety might be mistimed. In the four months to April a notable switch in the Japanese Scotch trade developed. Although the bottled blends rose in volume by 9 per cent., exports in bulk fell 27.5 per cent. For the first time more Scotch went to Japan in bottles than in bulk.

This could, perhaps ominously, mean the Japanese are becoming less reliant on Scotch malts in their blends, or that the efforts of exporters and importers of bottled blends are finally paying off.

Promises

Notice at a farm near Evesham: "Brown eggs laid while you wait."

Observer

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May June 4 1975

On

The Financial Times Wednesday June 4 1975

The closure of the Aspro research unit at Slough highlights the growing pressures on the chemical industry. Ray Dafter reports

No relief for the chemicals headache

ONE OF ICI's most important petrochemical plants—a 200,000 tons a year ethylene unit on Teesside—is currently lying idle. It has been like this since February, when it was shut down for routine bi-annual maintenance, and, with trading prospects as they are, is likely to remain so for the best part of this year.

ICI cannot remember previously having had to close a major plant because of lack of business. But then the chemical industry has never before experienced such a rapid and deep trading recession as this.

Tight supply

As an industry traditionally tossed about by trade cycles, chemicals might well have expected a rapid decline in business after the bumper years of 1973 and 1974. Indeed, the current problems are rooted in that period of buoyant demand. Under-investment had left the industry only just able to meet the tight supply situation led to over-ordering, a big build-up of stocks and, in some cases, panic buying on the part of chemical-using industries. They were not only afraid of continuing shortages but of further big price increases in the wake of the five-fold rise in crude oil costs.

Suddenly, around October last year, sentiments changed. Consumer demand was falling away and chemical users—particularly the plastics and textiles industries—realised that raw material prices were likely to weaken. Consequently, orders were cut back as this time, companies started to dip into their stocks. The speed with which chemical business has

declined reflects both the depth of these accumulated stocks and the general economic depression.

BP Chemical's olefines plants are now operating at about 60 per cent of capacity. "We can't recollect such a vicious drop in demand. It was going up at an unprecedented rate, but it has come down at least as fast, if not faster."

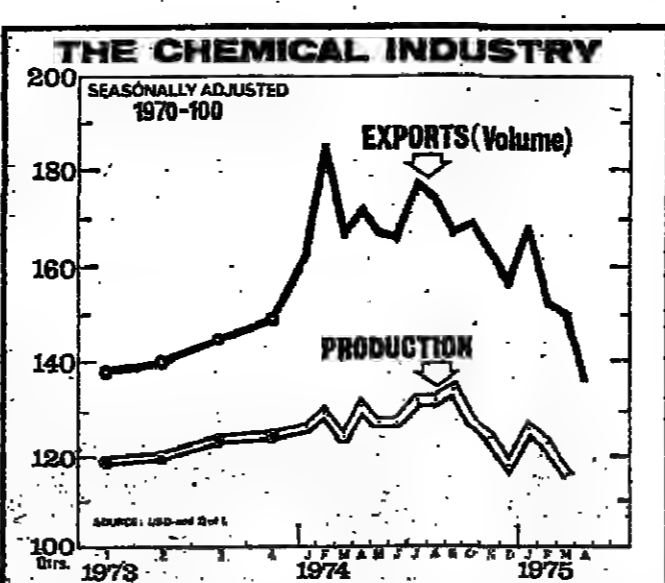
ICI's petrochemicals division is currently producing at a rate of 50 to 60 per cent of capacity. Its ethylene plant is not the only one to be affected by the recession; a unit producing paraxylene for textiles and plastics has been temporarily shut down. Like some other aromatic plants it is being run on an intermittent basis—used when demand and stock levels make further production necessary.

The impact of the recession has spread more widely than petrochemicals, however. Virtually all chemical sectors have been hit. Agricultural chemicals and pharmaceuticals are exceptions, but even here some of the market gloss has disappeared as a result of higher research and development costs and increasing regulatory controls. The closure of Nicholas International's research unit at Slough, announced this week by the makers of Aspro and other drugs, is symptomatic of the increasing pressures. The fertiliser sector has performed better than most, but demand there has been hit by economic problems and unfavourable weather conditions. As a result none of the major ICI fertiliser manufacturers is putting up prices at this time, the start of the new season, as has been done in the past. The weather—notably the

ICI profits

In the U.K., ICI's pre-tax profit for the first quarter was £80m, a one-third drop on the corresponding three months of last year although virtually the same as in the October-December period of 1974—an achievement which came as an agreeable surprise to the City which had been expecting a sharper drop.

As things stand, there is no sign from Europe as a whole that trade is improving, other, perhaps, than in some textiles markets.



The state of the market has inevitably led to a loss of jobs, short-time working and a brake on recruitment, mainly in the more labour-intensive, downstream sectors of the industry such as plastics processing. The German Chemical Industries Association recently counted 21,000 out of work and 33,000 on short-time among West Germany's 600,000 chemical workers.

Ambition

It has always been the industry's ambition to beat the persistent trade cycle and invest during the depression. In this way they can reap the benefit when demand flourishes. (ICI went a long way towards achieving this in the last boom period.) Once again, however, the industry at large is learning how difficult it is to carry through this ideal in practice. For one thing the amount of ready money drops in a depression; secondly, confidence wanes. Throughout Europe companies

are taking straw polls, trying to estimate when demand will pick up again. The consensus of opinion suggests that they might see some signs of improvement in the last months of this year, but it will be at least the first quarter of 1976 before trade really starts moving. And even this is far from certain.

Then the companies have to gauge the level of demand and the growth rate once the economies recover. There are those who feel that there will be another steep rise in chemicals trade, in which case it might not be too long before the industry returns to a tight supply situation. Alternatively, there are those who think it will take economies much longer to recover and that the rate will be slower.

Future rate

Before the current market position, for example, the industry was projecting a growth for ethylene of 11 to 12 per cent a year. According to one senior petrochemicals director, the future rate is likely to be nearer 9 per cent, although—perhaps understandably—he did not want to be quoted on that forecast. "If the truth were told, I don't believe any of us have the foggiest idea," he said. This, then, makes investment planning a hazardous business, especially with plants which can cost anything up to £150m, or £200m, a time. Companies which doggedly push ahead with their own development plans are in danger of contributing to a general over-capacity situation.

Take France, for example. At least six groups are known to be studying new ethylene plants there. If all these came to

fruition the country would find itself with another 2.5m tonnes of ethylene capacity. And yet the current capacity is only 2m tonnes and by the early 1980s not much more than 3m tonnes will be needed. This means that only two of these six schemes would be needed in the next few years.

A similar situation exists in the U.K., where several groups (at least five) are thinking of building new ethylene plants. ICI, a company obviously in the running, last week sounded a warning about its investment programme when it released its first quarter trading figures. Although it intended to continue its policy of counter-cyclical investment (it is spending the equivalent of £1m a day on new plant at the moment) it seemed "inevitable" that, because of current trading conditions, operating divisions might delay presenting some schemes to the Board for approval.

It is not only economic conditions which influence investment decisions, however. For British companies—and foreign concerns considering development in the U.K.—one of the doubts should be removed within a few days with the EEC referendum result. The chemical industry has stressed how important it regards Britain's continued membership as being. The ability of the Government to control inflation and the future strength of the pound are other factors which have to be taken into consideration.

From the point of view of German and Swiss chemical companies, it is the strength of their currencies which is causing some concern and which may lead to a greater degree of overseas investment. High

exports are all very well, but they lose some of their appeal when the revenue is converted back into high-value currencies. The Swiss company, CIBA-GEIGY, reckons that its 1974 group profit, after tax, of Fr.472m, would have been Fr.162m, higher if exchange rates had remained stable at their 1973 level.

Unhealthy

Professor Matthias Seefelder, chairman of BASF's executive Board and a president member of the German Chemical Industries Association, said recently that last year exports of German chemicals "rose out of all proportion." They accounted for some 45 per cent of sales, a quota which was "unhealthily high." Apart from the currency factor, it left the industry with far too much domestic capacity for when international trade turned sour. In addition, waste costs in the German chemical industry were causing concern, and were now noticeably higher than in the U.S.

The sum of these factors is likely to be more adventurous overseas investment by the German (the U.K. is one country earmarked for major expansion). As Professor Seefelder said, other European countries such as Britain, France and Switzerland were still several lengths ahead of Germany in the field of foreign investment.

Whether chemical companies can muster sufficient cash and confidence to achieve their various investment ambitions remains to be seen however. Much will depend on how long the recession continues at its present depth. But it does seem that chemical companies will be bumping along the bottom for at least several more months.

Letters to the Editor

Get on with exporting

From Mr. Michael Heseltine, MP

Sir—Mr. Watkinson (May 20) chides Lord Pritchard for, in his view, not "respecting the intelligence of readers of the Financial Times." Yet then goes on to assert that Germany, France, Italy and Belgium have "never forgiven us for being the only undefeated nation in the Common Market." What respect is this for your readers' intelligence? Like so many anti-marketeers, Mr. Watkinson seems to attribute our present economic crisis to our membership of the EEC, yet he gives no reason whatsoever for this view. The real causes of our difficulties include the high costs of imported raw materials, internal strife in the industry and the fact that we are not as efficient as we should be. These points have nothing to do with our membership of the EEC. There are difficulties, however, which need to be sorted out, whether we stay in the EEC or not, if our industry is to increase its competitiveness.

There is little doubt in fact that the situation would have been much worse had we not been in the EEC. It is unlikely, for instance, that our exports to the EEC would have nearly doubled as they have—in two and a half years. If we were to withdraw, our export opportunities to the EEC are likely to be adversely affected at least during what is bound to be an initial period.

Mr. Watkinson refers obliquely to the £519.3m. invested by the U.K. in the rest of Europe in 1973. £257m. of this was money borrowed in Europe or from reinvesting profits from abroad and not exported from the U.K. The investment figure for North America was similar (£513m.) in 1973 and shows a growth over 1972 of higher proportions than for the EEC. Moreover, since March 1974, Mr. Watkinson has imposed on capital movements, and investment in the EEC has since then had to be financed like investment anywhere else.

It is unfair of Mr. Watkinson to blame such eminent and successful businessmen as Lord Pritchard and Sir Maurice Laing when he himself is clearly so sore about his European ventures. Rather than complaining of sour grapes, Mr. Watkinson might in fact take a leaf out of their book, forget his built-in aversion to his European neighbours, and get on with the business of helping to get this country back on its feet again. Our economic prosperity depends upon our ability to export. It would be most unwise to undermine our vast export potential in Europe by leaving the EEC. Michael Heseltine, House of Commons, S.W.1.

World food supplies

From Mr. Simon Harris

Sir—Mr. Gordon Tether appears in his article of May 27 to have used the findings of a recent report by a Federal Trust Study Group. "The CAP and the British Consumer"—for which I had the honour to be rapporteur. These related to the effect of the transitional arrangements in keeping down U.K. consumer food prices during our first two years of Community membership. We found, in fact, that during the first two years of Community membership, which is all we have to go on, "food prices in the U.K. were marginally lower—perhaps by about 1 per cent—as a result of being in the Community rather than having to buy our food at world prices. Mr. Tether omits to mention this fact, although does point out that world food prices have dropped from their 1974 level. True, but is this situation any

more indicative of the "normal" (Mr. Tether's word) than the historically high prices of the last two years? The answer must be that no one knows. The study group did however find that the "Big Three" of West Germany, for instance, have followed a common trend. In terms of German parent company net profits, Bayer showed a decline of 34 per cent in the January-March quarter while Hoechst reported a drop of 22 per cent, and BASF one of 25 per cent.

All the developed world markets for chemicals have suffered, and this is being reflected in the trading results published by major companies. The "Big Three" of West Germany, for instance, have followed a common trend. In terms of German parent company net profits, Bayer showed a decline of 34 per cent in the January-March quarter while Hoechst reported a drop of 22 per cent, and BASF one of 25 per cent.

Access to markets

From Mr. B. Wilson

Sir—Mr. Cherrington (May 23) makes the welcome, often forgotten and very important point that food exporters have to accept the prices that are offered. And things have not changed. But he is quite wrong when he says Commonwealth food exporters disliked their former trading arrangement with the U.K. "because they, rightly felt, they were being exploited." What food exporters want first is access to markets and second security of access. They want a fair price too and no one is suggesting they are not now in a stronger position to bargain for a fairer price. Both Australia and New Zealand can go on expanding food production. And they will do so but only with security of market access.

Fragmentation in Europe

From The Chairman, Exchange Travel (Holdings)

Sir—Mr. Roy Jenkins, on BBC Radio Four's Referendum Call (May 30), stated that fragmentation would start in Europe if we left—so how on earth can Europe present a threat to us if the Common Market disintegrates after our departure? Gordon L. McNally, VRD, Exchange Travel (Holdings), Exchange House, Parker Road, Hastings, East Sussex.

...split fund management works...

Peter Baker, Schlesinger Investment Director

In the USA, the appointment of several investment managers to a large pension fund is standard practice. In the UK this excellent procedure is followed by only a few major funds. The case for "splitting" management of a pension fund may be made quite simply. Trustees split the fund management, it is usually the case that the managers will tend to try harder!

Most companies have to compete to survive in today's very competitive markets. Competition increases the efforts of their management team. So it is with pension fund management. Where there are competing investment managers, they will all be working hard for successful results. It is, of course, essential that the appointment of competing managers is handled professionally. Investment results should not be assessed on a short term basis. A most important consideration in the appointment of investment managers to large pension funds is for the Trustees to be aware of the managers' investment philosophy.

The Schlesinger investment philosophy can be summarised in these eight points:

- An international approach to portfolio management.
- An emphasis on quality companies.
- A specialisation in active management of Gilts.
- An emphasis on the medium to long term view, reflecting the nature of pension fund liabilities.
- The avoidance of the \$ premium to the greatest extent possible under Exchange Control Regulations, by the use of foreign currency borrowing facilities. We consider the \$ premium a high risk nil yielding investment.
- A belief in concentrated portfolios (no fewer than 25 holdings; no more than 75 holdings).

To-day's Events

GENERAL
Aircraft maintenance men at Heathrow Airport hold mass meeting on future of their strike.
Chrysler workers at Coventry engine plant meet to consider recommendation to end strike.
Police Federation pay talks resume.
International Air Show continues, Paris.
National Printing Machinery Exhibition continues, Olympia.
International Power Transmission Exhibition, Olympia.

SPORT
Racing: Derby Stakes, Epsom, 3.35 p.m.
Cricket: Benson and Hedges Cup quarter finals.
Golf: British Amateur Championship continues, Hoylake.
Motor Cycling: International Tourist Trophy Races, Isle of Man.
MUSIC
Organ recital: Maureen MacAlister plays music by Mendelssohn, Bach, Max Reger, and Vierne, at St. Lawrence Jewry next Guildhall, London, 1 p.m.

COMPANY RESULTS
Rotaprint (full year).
Hickson and Welch (Holdings) (half year).
MEPC (half year).
Peninsular and Oriental Steam Navigation (half year).
COMPANY MEETINGS
British Rollmakers, Birmingham, 12.15.
Continental Union Trust, 3, London Wall Buildings, E.C. 12, 12.45.

Crowther and Nicholson, Huddersfield, 11.30.
Dreamland Electrical Appliances, Great Eastern Hotel, E.C. 12.
Ellis and Goldstein, Barrington House, Wood Street, 12.
Fairview Estates, Winchester House, E.C. 10.30.
Guardian Royal Exchange, 20, Aldermanbury, E.C. 12.
Lowland Drapery, Glasgow, 12.15.
Provincial Insurance, Cumbria, 1.15.
Tosser Kemsley, 28, Great Tower Street, E.C. 11.45.
Wight Construction, Edinburgh, 11.

SCHLESINGER PENSION FUND MANAGEMENT

"...split fund management works..."

Peter Baker
Schlesinger Investment Director

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• An emphasis on total return (income yield and capital appreciation combined) whilst recognising the importance of income yield to a tax free pension fund.
• A professional attitude to the measurement of risk and the avoidance of undue risk.
It is well known in the City that Schlesinger were strong buyers of US and UK Equities and Gilts towards the end of 1974 and into 1975. All portfolios under Schlesinger management have achieved substantial growth since late 1974. The Schlesinger managed Trident American Growth Fund, for example, since its inception in August 1974, has risen by 19.6% against a rise in the Dow Jones Index of 5.8%. This fund is up by 37.2% in 1975 to date.

The Schlesinger investment team led by investment director Peter Baker, has extensive experience of institutional investment management - Schlesinger already manages institutional portfolios, pension fund accounts, the PMS unit funds and private client portfolios totalling £65 million.

The investment team has also been responsible for the excellent results achieved by the Trident Managed Portfolio range of insurance bonds. As these are unlisted and quoted publicly, the measurement of their investment performance is easily calculated. These funds were launched in August 1973 and have achieved a relatively good performance against a difficult market background, as you will see below.

From inception August 1973 to May 30, 1975	
Trident Managed Fund	-11.2%
Trident Guaranteed Managed Fund	-23.3%
Trident High Yield Fund	-18.8%
Financial Times 30 Share Index	-8.3%
Financial Times Actuaries All Share Index	-7.0%
All figures include re-invested income	

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COMPANY NEWS + COMMENT

Fenner upsurge to £2.4m. midway

A SUCCESSFUL first half for J. H. Fenner (Holdings) has thrown up big increases in turnover and profit. And the second half has started "reasonably well" in current circumstances.

The group makes and distributes products for power transmission. From turnover advancing 58.4m. to £24.42m, profit for the six months ended February 28, 1975, has risen nearly 50% to £2.42m. The 1974 comparisons included only 31 months from Motor Gear and Engineering and Charles Weston.

Indications are that the leveling off in order intake referred to in January is continuing and there are presently no clear signs of upturn. Due in some measure to the substantial investment in additional and more modern plant the current order book is of much more manageable proportions.

The group is well equipped to give an improved service and to take advantage of any recovery in world trading conditions.

Earnings are shown at 3.3p, against 4.5p, per 25p share, and the interim dividend is stepped up from 1.54p to 2p net. Total for 1973-74 was 4.8p from profits of £4.3m.

Turnover 1973 1974
£24.42m 18.01m
Profit before tax 2.42m 1.53m
Taxation 1.00m 0.90m
Net profit 1.42m 0.63m
Dividend 2.00p 1.54p

Independent of the acquisitions, there have been general and substantial increases in turnover and profitability both at home and in overseas activities, which were influenced by the first order boom at the start of the year in nearly every sector of the business. Export shipments were again well up to a record level.

In the U.K., work on the additional conveyor belt plant at Gannock in Scotland, designed to supplement existing capacity in the heavy forward order book, is proceeding on target. The plant should be producing in planned capacity by the end of the financial year.

Performance of the overseas subsidiaries is "most rewarding". The group is currently involved in a substantial increase in manufacturing capacity in the U.S. to take advantage of the opportunity to expand business there, particularly in conveyor belt plants for mining and general industrial applications.

comment

An overseas sales ratio of 50 per cent. in 1974 has lent strong support to J. H. Fenner's share price, which has virtually trebled from its low in 1972 where the maximum prospective yield is 6.4 per cent. The completion of a backlog of orders, which has produced pre-tax growth of 38 per cent and 40 per cent in the last two halves, could leave second half profits unchanged for a pre-tax total of £5.4m. On the financial front, heavy capital expenditure of well

HIGHLIGHTS

De La Rue pleased the market yesterday with results which, while showing pre-tax profits down by £1m, were in fact a good deal better than had been generally expected and the shares gained 16p after the news. The statement is examined in the Lex column, where there is also discussion of the full report and accounts from Swan Hunter and also the report from the French glass and building materials group Saint Gobain. At the half-way mark J. H. Fenner records strong growth but sounds a note of caution about second-half prospects. McCorkquodale has had a good first half but here also business in the second half looks less bright. At United Scientific however, a substantial overseas trade in lending Scientific however, a substantial overseas trade in lending profits for the full year from Macdonald Martin Distilleries, however, mask a second-half downturn.

over £3m should be covered by cash flow but the working capital requirements of the group's distribution network (stocks were nearly a third of sales in 1973-4) may be as much as £4m in the current year. However, the group balance sheet, which last showed net borrowings at just over a quarter of shareholders' funds, should cope with this.

The directors look forward to the year end with considerable confidence, and barring unforeseen circumstances, anticipate being able to report substantial increases in both sales and profits in the second half.

Six months 1973 1974

Group turnover 24.42m 18.01m

Profit before tax 2.42m 1.53m

Taxation 1.00m 0.90m

Net profit 1.42m 0.63m

Interim dividend 2.00p 1.54p

comment

Interim profits 48 per cent.

higher than United Scientific

were enough to move the shares

10p higher to 45p on a generally

dull day for equity prices. At

home, Ministry of Defence work

(around half of turnover) provides

a sound base for development

but it is overseas contracts which

provide the real cream, and virtually

all the first half profit advance

came from exports. At United

Scientific, Mr. J. D. Robertson,

chairman, forecasts "a further substantial

improvement in the second half

profit for the year to September

30, 1974 was £470,417.

First-half turnover expanded

from £2.02m to £2.85m.

The interim dividend is lifted

from 1.54p to 2.00p net per 25p

share. Last year's total was 2.45p.

Mr. Robertson reports that

production in the two U.K. manu-

facturing companies, mainly on

Ministry of Defence contracts, has

been running at a high level, but

pressure on margins has held their

profit back.

The export business, however,

is expanding very rapidly and is

the most profitable area of operations.

Export orders currently

exceed £4m.

Development of new products

has continued and the chairman

says several of them appear to

offer "excellent possibilities" of

substantial sales in the near

future.

Of particular interest is our

entry into the field of laser range-

finders, where we are offering

equipment which is outstanding

both in terms of its technical

capabilities and relatively low

cost," he declared.

comment

Widespread destocking caused

Bibby and Baron's second half

drop in profits of about a quarter,

but the group outcome incorpo-

rates some interesting divisional

variations. The Polythene

interests, for example, have

suffered from destocking since

last September, when the

paper side went into decline for

later in the financial year; con-

versely, polythene should emerge

from the trough far faster. But

the paper bag division could be

the real work horse of the group

this has been a steady source of

cash flow, and one reason why

B&B has avoided a significant

debt build-up. Now shoppers

are starting to pay at higher

prices, and the long-term trend

in demand will not be helped by

freak factors, like the recent

slump in sugar bag sales. At 42p,

the yield is 10.2 per cent.

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Member, FDIC



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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Smaller family stake in Oerlikon-Buehrle

BY JOHN WICKS

THE BUEHRLE family's stake in Oerlikon-Buehrle AG, the Zurich-based parent company of the internationally active industrial group, has been reduced from 78.3 to 60 per cent. The move marks the second phase in a programme aimed at the gradual transfer to the general public of the majority stockholding held by the company president Dr. Dietrich Buehrle and his sister, Hortense, and his wife, which was initiated in mid-1973 by the placing of 200,000 Bearer shares on the open market.

The increase to 40 per cent of the general public's stake in the holding company will be effected without an increase in the company's Sw.Frs.230m. capital—the current state of the market not having favoured an issue of Registered shares which had been under consideration. Instead of this, 304,000 of the existing 506,000 Registered shares—all of which were hitherto owned by the family—will be split into 780,000 new Registered shares with a corresponding reduction of nominal value from Sw.Frs.250 to 100. The remaining 202,000 existing Registered shares will be converted into Bearer shares with an unchanged Sw.Frs.250 face value.

Subsequently, a bank consortium headed by the Union Bank of Switzerland will take over from the family 300,000 Registered and 50,000 Bearer shares for placing on the market. The Registered shares will be offered to Swiss citizens or Swiss-controlled legal bodies based in Switzerland at Sw.Frs.240 each, the Bearer shares to be offered at a 1.4 ratio and a probable price of Sw.Frs.850 each to existing holders of Bearer shares.

Speaking at a Press conference here today, Dr. Buehrle said that on the basis of results for the first five months of this year group turnover should be up by about 25 to 30 per cent, and group profits for the year satisfactory. In 1974, the Buehrle group had booked a 27.8 per cent rise in total sales to Sw.Frs.1.61bn. (1,585m.), this growth being accounted for, about one-third, by the consolidation in the group figures of new subsidiaries.

Last year, industrial products accounted for 42.8 per cent of group turnover, machinery for 14.8 per cent, physics-sector and electronic equipment for 11.4 per cent, welding equipment for 11.2 per cent, textiles for 10.8 per cent, and miscellaneous operations, including hotels, restaurants and insurance, for 8.3 per cent. In 1975, Dr. Buehrle said that the increase in overall business will be

accounted for primarily by the machine-building operations and the contracts division, with military activities probably expanding rather faster than production of civilian equipment. A smaller growth rate will probably be booked by the welding division, while the insurance, hotel and real-estate subdivisions are expected to show turnover at about 1974 levels. The Liechtenstein-based Balzers division, which concentrates on high-vacuum technology, is not expected to share much if any growth this year and Dr. Buehrle said it would be difficult for it to meet targets, while a considerable fall in sales is anticipated for the textiles field.

The Group's cash-flow exceeded Sw.Frs.100m. in 1974, it was stated by company director, Dr. Ernst Winkler, permitting a high degree of internal financing of the group's Sw.Frs.122.4m. investments. No group profit figures are to be published until next year, though these are understood to have reached 1973 levels despite the exchange-rate alterations. Net profits of the holding company rose Sw.Frs.8.7m. to Sw.Frs.31m. in 1974, allowing a rise in dividend to a recommended 12 (10) per cent.

He added, for 1974, this is of an unchanged rate of Sw.Frs.14 per share. Group turnover last year reached a value of Sw.Frs.1.5bn. (1,535m.), and would have risen to as much as Sw.Frs.2.1bn. had there been no alterations in exchange rates. The monetary situation made itself felt even more strongly in the group net profit figure, which instead of increasing from the 1973 sum of Sw.Frs.141m. to over Sw.Frs.181m. dropped sharply to Sw.Frs.100.7m. This decrease will make itself felt in the holding company's accounts for the current year. Although the group booked a 2.7 per cent increase in sales volume in 1974, it was badly hit by sharp falls in demand on the important Swiss, German and U.S. markets. It was decided to close or introduce short-time working in a number of German plants.

Cement sales are expected to fall in 1975 in Switzerland, Germany, France and a number of other markets in which the Holderbank group operates.

Holderbank problems

BY JOHN WICKS

THE SWISS CEMENT industry holding company Holderbank Finance Group expects its income to be adversely affected in the near future by falling demand on major markets. While 1974 was a record year for the company, with a rise in income from participations to Sw.Frs.38.15m. (38,150m.), and parent company net profits up to Sw.Frs.21.92m. (20,920m.), the holding company will as from this year be feeling a downturn in affiliate business after a year's time lag.

This can be expected to depress the income from participations sum for 1975, President Max Schmidheiny told a Press conference in Zurich, although certain compensation was hoped for from markets less affected than those of Switzerland, Germany, France and a number of other markets in which the Holderbank group operates.

S. Africa raises Dm30m.

South African Railways and Harbours (SARH) is making a Dm30m. five-year 9 1/2 per cent private placement with a 99 per cent issue price to go on sale from today, Berliner Handels- und Gesellschaft, Frankfurt, is managing the issue. The loan is guaranteed by the Republic of South Africa.

Meanwhile the United States of Mexico is floating a Dm100m. 9 per cent seven-year Eurobond with pricing expected at par. Market sources said, Lepid manager is Deutsche Bank. The Dm100m. Eurobond issue, of Voent-Alpine is expected to carry a coupon of 8 1/2 per cent with an issue price of around 98

The Philippines National Bank has arranged a \$300m. five-year Eurocurrency loan, at a spread of 1 1/2 percentage points over London interbank Eurodollar offered rates. Lead managers were named as Kuhn, Loeb and Co. International with Cif Financiere de la Deutsche Bank and Bancrom Development.

ZURICH, June 3.

By Michael Van Os

HOLLAND AMERICA LINE, which made an operating loss of Sw.Frs.15.3m. last year after much heavier losses still the year before, said that it had "good expectations" that losses would be curtailed further in 1975. It could not be more precise in view of the many uncertain external developments.

The company said in its annual report published in Rotterdam to-day that last year's losses were chiefly the result of major setbacks in its substantial cruising activities. The policy for the tourism division (turnover Sw.Frs.176m. last year) would primarily be aimed at reducing the losses in the cruise sector by cutting costs sharply and by refraining from making any new investments there. Much would depend, however, on external developments such as the recovery of the U.S. economy and the position of the dollar and the cruise over-capacity situation. Results in the tourism division would improve substantially, but losses were likely to persist. The prospects for the non-cruising activities in the tourism division were considered positive.

The report said that the trading division (turnover Sw.Frs.114m. last year) would again develop positively this year, and that in the special transport division (turnover Sw.Frs.62m.) the booking situation for ships was satisfactory. However, the land-based activities—heavy road transport, cranes—were suffering from the lower investments by Dutch industry; rationalisation measures were being effected.

As reported earlier, HAL is not paying a dividend this year (again) and the net profit of Sw.Frs.21m. resulting from the sale of fixed assets (ships) totalling Sw.Frs.116m. and the book profit from the sale to the Swedish Brostrom company of its transport division (Sw.Frs.33.2m.) will be added to the general reserve.

After adjusting the figures to incorporate the Swedish sale, total turnover (consolidated) had increased by 21 per cent to Sw.Frs.677.2m. while total costs had gone up 12 per cent to Sw.Frs.617.2m.

The strong revival of the sea freight market, which had led to the substantial increase in turnover, as well as the measures taken in the cruising sector had resulted in a strong improvement of cash flow.

Financing changes had advanced steadily, but they should come down again this year as a result of the receipt of the cash element in the sale price of the transport division.

HAL hopes to curtail losses

By Michael Van Os

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Paribas remains confident despite economic outlook

BY RUPERT CORNWELL

PARIS, June 3.

AFTER AN increase in both net earnings and dividend last year the major French investment and merchant banking group, Paribas, is expecting a further improvement in its results for 1975 despite the mediocre economic outlook in France and elsewhere.

In his speech to the annual general meeting of the holding company, Paribas President Jacques de Fouchier expressed strong confidence in prospects for both this year and over the medium term.

The bulk of his statement, however, was a review of last year, and an explanation of why Paribas had achieved a rise in consolidated earnings to Sw.Frs.210m. from Sw.Frs.209m. in 1974, and a 25.7 per share increase to Frs.21.82 for 1975.

The first reason he gave was a sudden fall in interest rates in the latter stages of 1974 which had, once more, permitted the group to show a profit on loans extended but which for a period had to be refinanced at a higher cost on the short-term market.

This trend towards easier interest rates was continuing, M. de Fouchier said, which augured well for the first part of this year. Meanwhile, the group has also benefited from its existing structure, under which earnings from unconsolidated subsidiaries were only re-

PARIS, June 3.

BY RUPERT CORNWELL

lated in the overall figures after a year's delay. Thus good 1973 returns appearing only in the 1974 accounts had improved the picture for last year significantly.

Turning to other achievements, M. de Fouchier pointed out that Paribas had extended significantly its domestic branch banking network and had built up its overseas representation — not only in the Middle East but also in the U.S. where its meagre presence had long been a problem.

Coupled with the difficulties facing the banking sector in France, this had produced a steady

sharp increase in foreign-gener-ated profits to 40.3 per cent of total earnings from only 37.1 per cent in 1973.

In its first year of operation, the Paribas subsidiary Credit du Nord et Union Parisienne—the offspring of the merger of Credit du Nord and Banque de l'Union Parisienne—had turned in a net profit of Frs.18.7m. Its inter-national connections, through the 5 per cent stakes held in its Frs.240m. capital by National Westminster Bank and Bayerische Vereinsbank of Germany, appear to have stood it in good stead.

Announcing the dis-cussions, the head of Direction, which with annual sales of Frs.430m. is France's largest tight-maker, has stressed that there is no question of a merger between his company and the smaller Colroy.

Instead, he said, the talks were centred around the formation of a joint holding company which would regroup the interests of both, while allowing each to maintain its independence.

Whatever the details of the pact, the necessary grouping will boost a labour force of over 4,500 with sales this year that will be over Frs.600m.

French tight link

BY GILES MERRITT

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A LINK between the two largest manufacturers of women's tights and stockings in France is now being actively negotiated.

The talks between Din-Roy, and its chief competitor in the French market, Colroy, result in a pact between the two companies at least 80 per cent of the country's fashion hosiery production and 50 per cent of domestic sales will be controlled by a single organisation.

Although France has never policed monopoly situations with the same rigour as Britain or the U.S., the two companies are clearly sensitive that their move may provoke unwanted official

Domestic output of Beece fabric, of which Freudenberg is the world's leading producer, contributed DM280m. of the group's DM255m. turnover. Sales were 12 per cent up on 1973's DM231m. However, profits were hit by sharpened competition.

The artificial leather division also showed a 7 per cent increase in turnover from DM225m. to DM240m. in a tight production situation. The concern's shoe-making interests, last year, are doing too badly to trade, and the trading companies declined, partly in volume and partly in turnover during 1974.

Freudenberg sales contrasts

BY GUY HAWTH

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WEST GERMAN ethical drug production grew by 14.6 per cent last year to hit very near the DM100m. mark, according to a report by the Federal Republic's Pharmaceutical Industry Federation.

Sales totalled DM99.9m. and growth was markedly higher than the previous year's 10.6 per cent. The federation comments that despite increasing difficulties the industry has managed to build up its leading position in the world market.

Ethical drug exports rose steeply by 22.4 per cent to DM35.5m. This compares with the still healthy 18.3 per cent increase recorded in 1973. The fastest rate of increase—45.8 per cent—was registered in the United States.

Exports last year accounted for about a third of West German ethical drug sales. Without the rapid rise in exports the 1974 growth rate would have been reduced to 11.8 per cent.

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St. Gobain sees lower earnings

Financial Times Reporter

PARIS, June 3.

LOWER PROFITS for Saint-Gobain-Pont-à-Mousson are forecast to the group's annual report for 1974, published to-day.

The directors report that although figures for 1974 were satisfactory, there was a sharp downturn in the second half-year. Expansion continued in some divisions, however, and the fundamental reasons for the merger of the two companies from which Saint-Gobain-Pont-à-Mousson was formed remained valid in difficult times, they state. It was the group's wide spread of operations and locations which would ensure its long-term growth, the directors forecast.

Divisions particularly affected by the downturn in the last six months of 1974 were automotive glass, textile fibreglass, asbestos-cement, plastic pipe, heating and household construction. Ductile cast-iron pipe, refractory products and insulation continued to expand. With sales of insulating products of Frs.1.8m., an increase of 23 per cent over 1973, the group is now the world industry leader in this field. Insulation is on the way to becoming as important for Saint-Gobain as glazing.

Announcing the dis-cussions, the head of Direction, which with annual sales of Frs.430m. is France's largest tight-maker, has stressed that there is no question of a merger between his company and the smaller Colroy.

Instead, he said, the talks were centred around the formation of a joint holding company which would regroup the interests of both, while allowing each to maintain its independence.

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FOR THE international pipeline industry, these are unevenly balanced times. The "energy crisis" which so dramatically struck the unsuspecting consumer in 1973-1974 has undoubtedly intensified a massive search to find new sources of oil throughout the world, and this in turn has brought forward a sharp increase over the last two years in the demand for pipeline contractors, pipe, pumping equipment and all the facilities associated with bringing oil and gas, and even coal, over long distances.

And yet the aftermath of this crisis has equally brought its own problems in falling demand growth, rocketing escalation on capital projects and a political reaction to high oil company profits which has undoubtedly served to undermine the investment intentions of the pipeline industry's major customers, the international oil groups. Exploration investment has shown signs of faltering of late and, while this will not affect the pace of major pipeline expenditure for some years, it must still raise questions as to the size of the market and the need for equipment in a few years time.

The pressures brought about by the energy crisis may have been sufficient to allow the Alyeska pipeline in Alaska to go ahead, but they have not been sufficient really to accelerate the opening up of offshore acreage around the U.S. in the face of continued environmental objections. Power struggles between the federal state authorities and indecision as to how to achieve Project Independence while making sure no group gets too much benefit out of The fall in demand of the last year or so has been sufficient to remove some of the most troublesome aspects of previous shortages and high inflation rates, but it has equally raised the question of whether there is now likely to be a surplus of new generation lay barges and other equipment encouraged by the sellers' market of 1973-74.

Not that the pipeline industry is suffering from a shortage of orders at the moment. Almost all sectors of the business, reserves in Algeria, Asia and the North Sea, as well as the Arctic, just as the industrial ambitions of Middle East States are encouraging governments there to embark on schemes to increase gas production to industrial use.

Just as important, the increasing swing of exploration activity towards offshore exploration and development throughout the world and the impetus to the most productive and most exciting new oil province anywhere outside the Middle East, conveniently placed close to the major European markets and most inconveniently placed as far as the water depths, distance from shore and horrendous weather conditions are concerned. The development of the major reserves in the area has proved for the pipeline industry as for the general construction industry, a

Over the next few years, the North Sea is likely to remain the most exciting market for the pipeline industry, both in terms of the growth in demand for its services, the demands that it will place on its technology and in the size of the expenditure that will be made by the oil companies there.

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Following the completion of the Forbics Field and Piper oil lines in the U.K. sector of the North Sea and the Ekofisk oil and gas lines in the Norwegian sector, work has now started on the major Frigg gas lines to the Scottish coast and the Brent oil line to the Shetlands. Plans are now developed for the laying of the Ninian oil line to the Shetlands starting this year and the Brent gas line to Scotland next year. There are several new projects mooted for the development of Norwegian gas reserves in the north, possibly in Europe, and for tying in new finds to existing lines.

The main question now is not so much the amount of work over the next few years but the extent of inflation in costs and the effect that this might have on changing the economics of pipeline transportation, as against offshore loading for smaller fields and the even more awkward question of whether there will be enough demand for major projects to justify further investment in new barges beyond the five already under construction around the world.

These are not new questions for a pipeline industry which has always had to work with the cyclical movements of oil company demand and investment and the uncertainties of future investment patterns. Nor can there be much doubt about the longer-term prospects considering the continuing problem of oil and gas supply which is bound to dominate the energy industry for at least a decade to come. But after the boom years of 1973 and 1974, companies in this field as in others are having to rethink their figures of demand and look hard at the period later in the decade at a time when financial stringency is making accuracy of forecast much more important but when sluggish demand and the broader economic problems of the world are serving to make it much more difficult.

PHE PIPE market represents an important outlet for the plastics industry, accounting for a turnover of some \$120m. last year. So it is hardly surprising that plastics manufacturers and processors should feel the backlash of the recession in the by the public sector, comprising the Department of the Environment, the national industries and local authorities.

If more were done to encourage public spending, particularly in times of economic depression, U.K.-based industries would the industry watched the effects of the five-fold price increases in crude oil and derivatives plastics products. Indeed, the index of wholesale prices for plastics raw materials rose by 57 per cent. between October, 1973 and October last year.

construction industry. Demand for plastic pipes is increasing a number of inter-related factors: the industry's ability to expand established applications; its effectiveness in competition with products made from other more traditional materials; and the development of new uses.

The rapid growth sector has been in the non-pressurised

be encouraged in their innovative efforts, it is claimed. It is the sort of plea that the process plant industry is making at the current time: urging State intervention to help in times of slack demand to help industrialists with particular skills and highly trained labour forces to overcome the troughs of cyclical trading.

Studies carried out by major companies in the plastics industry showed, however, that overall the price competitiveness of plastics had not suffered unduly as all competing materials had risen in price as well.

The disaster last summer at the Flixborough chemical works near Slough and the new

Of the £120m. turnover last year, it is estimated that 80 per cent. was on thermoplastics piping and fittings with the remaining 10 per cent. going on reinforced plastics. It is, perhaps, *fixing* that what is claimed to be the U.K.'s longest reinforced plastics pipeline is now functioning at the heavy organic chemicals division of ICI, one of Britain's biggest producers of plastics materials. The 4-inch

At the same time new emphasis is to be placed on marketing plastics within the wider pipes industry. Supporting the work of individual companies, the Federation's pipe group has established an international pipes symposium, commissioned a film to promote user training, produced a series of papers, guides and handbooks with the Rubber and Plastics Processing Industry Training Board (RPPI/TB) on a survey of training needs.

be coated in a thick PVC plastisol material to give corrosion protection from the elements outside and the solution being carried inside.

Plastics Coatings, one of the companies doing this type of

This programme of concerted action underlines the plastics industry's view of the importance of the pipes market and, in particular, its determination to capture a growing share of

Ray Dafter

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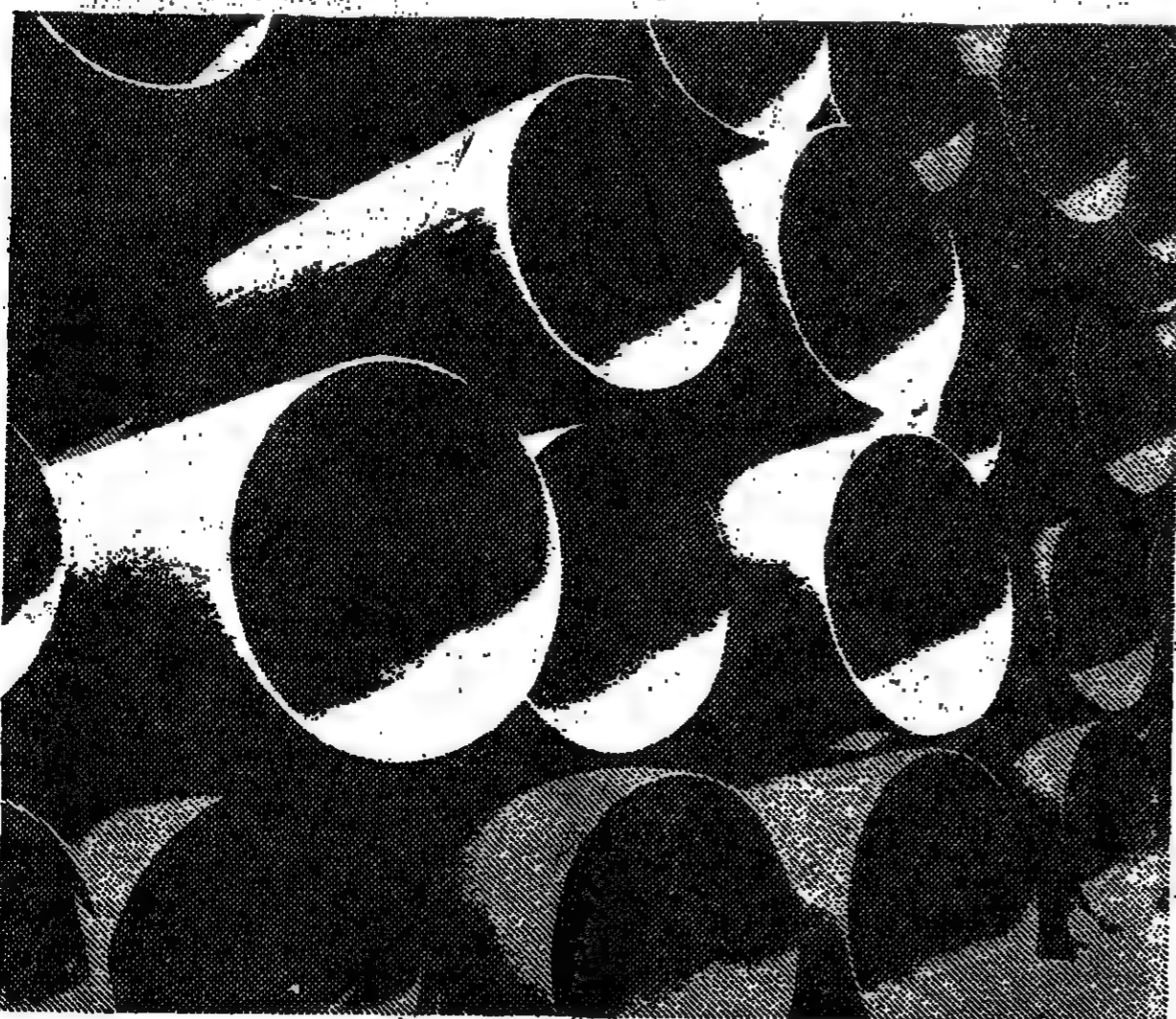
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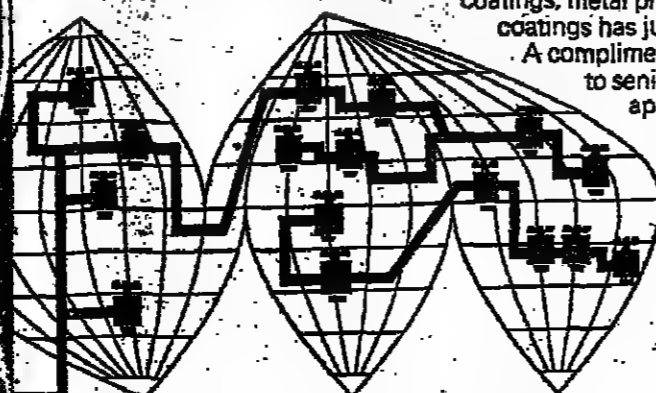
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PIPES AND PIPELINES II

Hard times for concrete

THERE HAVE been few periods which have brought more problems and greater frustrations to the concrete pipe manufacturers than the present. Circumstances totally beyond their control have presented them with quite one of the worst trading periods on record and for the moment there are few indications that the position is about to take any significant turn for the better.

The fact is that the two markets which have grown to accommodate a major proportion of concrete pipe sales in recent years have both become the victims of the country's present economic difficulties and demand has been gravely reduced.

Large cuts imposed by the government on local authority water and sewerage programmes have had a direct and substantial effect on demand, with some manufacturers forced to close down capacity. Cutbacks on spending by local councils have centred on sewage and waste disposal projects. To the waste disposal projects, the pipe makers stand the pressing need for suppliers were, towards the end

of 1974, reporting a 50 per cent. reduction in sales. The housing market has, in short, been something of a disaster area for the last year or more and but for the comparatively brighter picture in the local authority homes sector, the overall situation would have been worse still. The private sector, certainly, is still stumbling through one of its worst periods of activity since the last war.

Such has been the concern about the effects of the housing slump and general construction recession on the concrete pipe industry that the Concrete Pipe Association has been encouraged to pursue a vigorous campaign to push for the release of selected sewerage schemes, in the belief that if this is not done, then its very survival is threatened.

The Association has said the industry is, in fact, in imminent danger of being wiped out, "killed by an unforeseen disaster of national policy."

While the pipe makers understand that some of the major stand the pressing need for suppliers were, towards the end

of the present regional water authorities, together with the probable administrative difficulties that could follow, by bringing forward for approval a substantial number of sewerage schemes.

Sewerage

As a result, a considerable volume of work built up in 1973, which, says the Association, should have been the start of the "big demand" for improved sewerage already forecast and clearly necessary from physical and environmental points of view.

Figures from the government show that capital expenditure by the regional water authorities is planned to rise from £370m. in the current financial year to £414m. by 1978-1979, albeit with a substantial dip proposed for next year.

But the Association points out the evidence is clear that, at present, the tonnages of concrete pipes now being delivered

are not in step with the anticipated demand, even allowing for a time lag between inquiries and despatches. Furthermore, with the usual time lag of nine months, the present level of inquiries indicates that there can be no increase in the amount of work now being done during the current year.

Inquiries by the Association at the Department of the Environment have produced assurances that spending by the water authorities is generally in line with their permitted ceilings and there is, therefore, an apparent conflict between the demand for concrete pipes and the alleged expenditure by the authorities. With manufacturing plant standing idle across the country—last week Western Brothers announced the closure of two plants—the Association has written to the Department proposing an early meeting to investigate why, when public money is being spent in line with government estimates, there is not a corresponding

demand for concrete sewerage and drainage pipes.

Not all the pipe manufacturers' orders come, of course, from water authorities and motorway construction work also offers a major market. But here again, public expenditure cuts have substantially reduced the volume of potential work, although activity does appear to have held up better than on the sewerage side. It is this combination of low activity levels in two major markets which has presented most manufacturers with big problems. Redland, for example, had to report that mid-way through its last financial year, the pipes division had dipped marginally into the red against a previous profit of around £500,000.

A spokesman for ARC (Concrete), another major name in the business, said that most companies were now using up the "residue fat" left over in the pipe makers' pipeline, but the volume of new business coming in was poor. There was no evidence of any significant upturn in demand in the short-term.

Workforce

It has been estimated that the industry's workforce has already been cut by over 25 per cent. since the downturn began to bite, with the eight to ten major companies that account for around three quarters of all output taking the major knocks. Latest figures show that total deliveries in the first quarter of 1975 represent an annual rate of only 628,000 tonnes, a fall of over 16 per cent. from the 1974 total of 751,000 tonnes. In 1973, deliveries reached 1.1bn. tonnes.

The danger, as always, is that a significant proportion of the industry's capacity will be permanently lost because of the current plight of the manufacturers, and some severe problems could be in store for them when the next upturn in demand does eventually come. For the moment, however, there seems little chance of that.

Harold Bolter

Michael Cassell

Mixed outlook for steel

THE BRITISH Steel Corporation's Board will shortly take a decision on an important investment project affecting its output of pipes and ancillary products associated with North Sea oil and gas activity. It has to make up its mind whether to go ahead with an expansion programme at Hartlepool which would enable it to enter the offshore pipeline market—a long-awaited development.

Although this significant move has still to be confirmed, however, the Corporation has carried out several significant developments over the past 12 months.

First, it has started a £15m. project to develop a new 20-inch pipe mill at Hartlepool, which will provide 150-200 new jobs and, second, a further expansion of its manufacturing capability for casings used in oil and gas wells is now well under way at Clydesdale in Scotland.

As far as Hartlepool is concerned, no less an authority on BSC expansion than Lord Beswick, the Minister for Industry, appears to have assumed that the scheme designed to allow the Corporation to enter the offshore market will go ahead.

When he produced his interim report on the Government's review of the steelworks closures associated with the Corporation's wide £4.5bn. development strategy, Lord Beswick announced that the BSC proposed to invest some £25m. in developing the two existing pipe mills at Hartlepool so as to produce a greater range of pipes and also higher specifications to meet North Sea oil requirements. This investment should provide some 200-250 new job opportunities, Lord Beswick said.

Although Lord Beswick may have jumped the gun, he is likely to be proved right. It now appears that the BSC, heavily

criticised in the past for not getting directly involved in the offshore pipeline business created by the North Sea oil and gas discoveries, is about to enter the business.

One of the problems for the Corporation was that when this offshore market began to open up, all that the BSC had in the way of inherited pipeline capacity was its Hartlepool mills, capable of producing pipe in diameters from 24 inches to 44 inches in a thickness of up to 1 inch.

But the oil companies required pipelines as much as 0.8 inch, 0.9 inch or even one inch thick, because of the particular pressures of the North Sea.

The BSC obviously considered laying down new plant for the potentially important offshore market, but there was no real commercial incentive to do so. There was a world-wide surplus of large diameter pipeline capacity then, and the oil companies were in a position to drive very hard bargains on the prices they were prepared to pay.

Now, however, the position appears to have changed and there is a real probability that the BSC will go ahead with the Hartlepool expansion.

As far as Clydesdale is concerned, the argument for capital expenditure to increase casing production there was accepted a year ago. The replacement of old open-hearth furnaces by electric arc plant at the works is now well under way and new quench and temper plant is also being installed.

Casings

The BSC currently meets some 85-90 per cent. of the demand for casing pipe in the U.K. North Sea market and will supply some 105,000 tonnes of these products this year. The new plant will increase its Clydesdale capacity to 180,000 tonnes, however.

The situation which has arisen over the last year with regard to casings is similar to that which occurred over offshore line pipe. Initially, the combination of surplus capacity and strong buyers discouraged new investment but now, with world-wide shortages, there is an incentive to spend.

The demand created by the North Sea, together with continued strength in the processing market, is very much a bright spot as far as the BSC's Tubes Division is concerned. There is still a strong demand for all large seamless products connected with the North Sea exploration and transmission, refinery production and petrochemicals. At the moment there is a world-wide shortage of large seamless pipe capacity.

The market for 44 inches diameter pipe used in the distribution of natural gas onshore for the British Gas Corporation is also healthy. But this is not the case in some of the BSC Tubes Division's other markets.

Current prospects in what is usually known as the commodity market for pipe are generally not encouraging, and it is easy to see why. There has been a downturn in demand throughout Europe, although there are some grounds for expecting a marginal improvement later this year.

First, of course, the recession in the construction industry has hit demand for scaffolding pipe, although with BSC catching up on a demand backlog its impact on production has not been too severe so far.

There has also been a very sharp reduction in orders for concrete, grey spun iron and ductile pipes, although this has been compensated for to some extent by an increased selling effort abroad.

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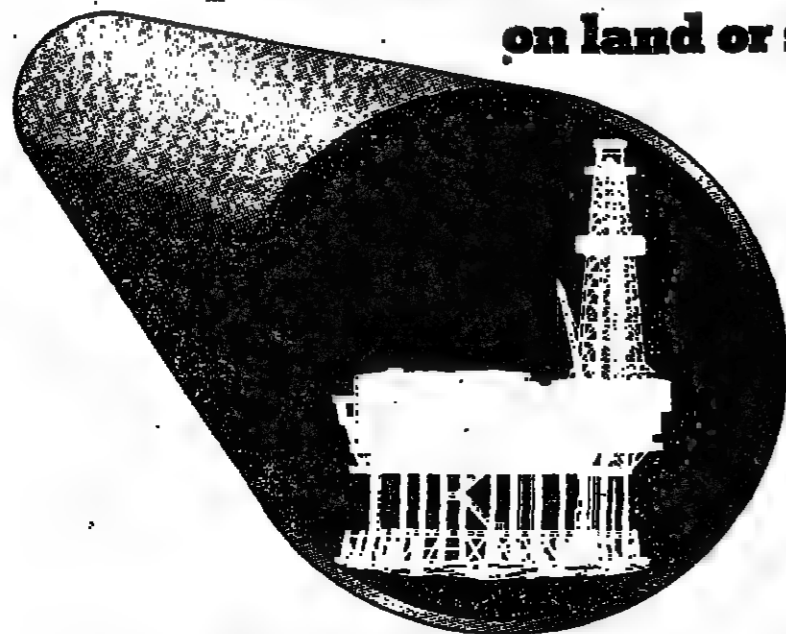
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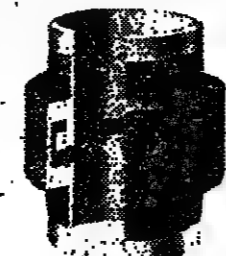
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The man chosen will have had a successful record in a position of profit-accountable management, preferably in multiple-store operation but not necessarily in food. His experience should include financial control, but the main need is proven ability and vision in taking and implementing decisions.

A performance-related bonus is envisaged. Applicants should explain how each requirement is met, and state their approach to both management and the handling of people.

Write in full confidence to F. J. F. Hall Ref: C1232 at the address below. No approach will be disclosed without express permission.

MM & W
McIntosh Mann & Whitney Murray,
Management Consultants,
95 Southwark Street, London SE1 0JA

BUSINESS DEVELOPMENT MANAGER

Armstrong Autoparts Limited is in the distribution business, selling automotive products from depots throughout the country.

The company is expanding rapidly and needs a man to work on the 1975-76 acquisition programme.

He will be required:

- To investigate all potential acquisitions both from a financial and marketing point of view;
- To recommend detailed changes which may be necessary in order to assimilate the operations of proposed acquisitions;
- To maintain confidentiality in all his dealings.

He must, therefore, have experience in this type of work.

He may be a man who would regard this assignment as suitable preparation for a future career with this, or other companies in the Armstrong Group, or, he may be an older man who would continue in this type of work while gradually taking a more active part in either the marketing or financial aspects of this business.

A competitive salary is payable, together with membership of Pension and Life Assurance Scheme.

Please write in the first instance giving details of education, qualifications, experience and salary progression to:

The General Manager,
Armstrong Autoparts Limited,
Gibson Lane, Melton, North Leicestershire,
North Leicestershire, HU14 3HY.

Surveys Editor and Senior Journalists

The Financial Mail Johannesburg is seeking experienced business journalists for the above posts in South Africa.

Telephone Bruce Andrews at Shera (Surrey) 2659 or write to him with curriculum vitae at c/o The Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

OVERSEAS PROPERTY

SOTOGRADE (Cádiz)-SPAIN

Apartments for sale

- Two bedrooms (135 sq.m. in total)
- Two levels and four apartments per block
- Swimming pool
- 50 miles from Marbella
- Golf, riding, polo, etc.
- Directly from owner
- Ideal as holiday residence for Company executives
- Package deal accepted

Write to:
Promoters Continental, S.A.,
Apartado 4, Sotograde, (Cádiz), Spain.

NEUCHÂTEL / SWITZERLAND

Adjacent to new 18 hole golf course with beautiful view of lake. Luxurious newly built 7 room town-house to rent with swimming pool. Fr. 2150 - unfurnished, or Fr. 2550 - furnished per month. Golf club membership included, on 3 year lease basis.

DETTWILER MANAGEMENT LTD.
55 Molllebeau, 1209 Geneva

KITCAT & AITKEN require two experienced Settlement Clerks. Bonus. Salary negotiable. Telephone Mr. S. Wood 568 830.

DOCUMENTATION CLERKS with Shorthand or Comprehension. £3,000-£4,000 p.a. plus. Also training. Characterhouse. Applications: 01-535 1377.

CORPORATION LOANS

13% BONDS

INVEST IN BUNTINGDON DISTRICT COUNCIL BONDS

Registered 30 September 1977

Details from Buntingdon District Council, P.O. Box 100, Buntingdon, Cambs. CB9 9JQ. Tel. (0455) 4337 ext 29.

PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL. In liquidation today £4m. Bills at 9 1/2% p.a. maturing on September 1979. Applications for purchase of bills outstanding in £10m.

THE SOUTH STAFFORDSHIRE WATERWORKS COMPANY. NOTICE is HEREBY GIVEN that the Transfer of the Company will be CLOSED from the 17th June 1975 to 30th June 1975. All bills due to the Company should be paid by the 17th June 1975. After this date no bills will be accepted. By Order of the Board, A. W. TIBBENHAM, Secretary.

FINANCIAL JOURNALIST

Investors Chronicle has an opening in its international department for a financial journalist. Essential qualifications: sound knowledge of languages, particularly French and German, proven writing ability and numeracy. Previous journalistic experience an advantage but not essential. Write to The Editor, Investors Chronicle, 30 Finsbury Square, London, E.C.2.

COMPANY NOTICES

JACQUES BOREL INTERNATIONAL

Incorporated in France with limited liability as a Société Anonyme with a capital of FF102,749,700

Registered Office: Tour Maine-Montparnasse, 33 Avenue du Maine, 75755 Paris, Cedex 15.

NOTICE TO SHAREHOLDERS

Increase of Capital by way of Rights Issue

At a General Meeting of shareholders on 11th June 1974, the Board of Directors was authorised to increase the share capital of the Company at its discretion up to a maximum amount of FF150,000,000.

Using the subscription and powers given to it by the general meeting of shareholders, the Board of Directors, on 25th May 1975, announced its decision to increase the share capital of the Company from FF102,749,700 to FF223,249,600 by the creation and issue of 205,499 new shares of FF100 each to be subscribed for in cash.

Issue Price

The new shares will be issued at FF440 per share (i.e. per value of FF100 plus a premium of FF340) this price will be payable in full on subscription.

Dividends

The new shares, numbered from 1,027,499 to 1,232,998 are identical to the 1,027,497 old shares except that they will not rank for dividend in respect of the year ended 31st December 1974. They will be entitled to the coupon from 1st January 1975.

Form of New Shares

The new shares will be issued in registered or bearer form at the subscriber's option. In the case of new bearer shares they will be either delivered up to the subscriber or deposited in a safe deposit box to the account of the subscriber designated on the subscription form.

Exercise of Rights Issue and Instructions for Application

Holders of the 1,027,497 old shares of FF100 each per value will get a preferential right to subscribe for the 205,499 new shares to be issued in the proportion of one new share for every five old.

The application right will be represented by coupon no. 17 on the old shares, which will therefore lose its value as a dividend coupon.

The exercise of the application right will be made as follows:-

- For Registered shares: by stamping the certificate.
- For Bearer shares: by delivering either notification of transfer of rights on a Stipulation or coupon no. 17 detached from the share if they are not deposited at Sicovam.
- By delivery of the rights certificate handed at their request to holders of registered certificates who wish to deal in their rights, either in whole or in part. The rights will be negotiable according to French law.

Application for Excess Shares

At the same date as they exercise their preferential rights shareholders will also be entitled to apply for new shares which will not have been subscribed for pursuant to the preferential right.

Such shares must also be paid for in full on application. Any allotment of excess shares to subscribers will be made proportionately to the number of shares for which they will have applied, but fractions of shares will not be allowed.

Under a special request is lodged by the date on which the application list is closed, separate subscriptions entered in the name of a single applicant will not be consolidated and the allotment of shares so subscribed for will be made separately for each application.

If applications have to be scaled down, excess subscription monies will be returned to subscribers entitled thereto, without interest and liability to other charges. If any shares remain unissued after the exercise of preferential rights and applications for excess shares, the Board of Directors will make arrangements for selected persons or companies to apply for them.

Period of Application

Applications will be received from 9th June to 9th July 1975. Applications which, at the end of the application period have not been paid for in full will be considered null and void. Any shareholder who has not exercised his application right within the above period will be deemed to have renounced it.

Places of Application

Applications will be received at the counters of the following banks:-

- Banque de l'Union Européenne, 4 rue Gallien, 75002 Paris.
- Banque de Paris et de l'Union des Mers, 44 rue de Courcelles, 75008 Paris.
- Banque Nationale de Paris, 16 Boulevard des Capucines, 75450 Paris Cedex 09.
- Credit du Nord et Union Parisienne-Union Bancaire, 6 et 8 Boulevard Haussmann, 75427 Paris, Cedex 09.
- Banque Louis Dreyfus, 6 rue Rabelais, 75364 Paris, Cedex 08.
- Société Générale, 50 Boulevard Haussmann, 75009 Paris.
- Société Lyonnaise de Dépôts et de Crédit Industriel, 8 rue de la République, Lyon 1er.
- Société Française de Banque, 119 Boulevard Haussmann, 75008 Paris.
- Credit Commercial de France 103 Avenue des Champs-Élysées, 75361 Paris, Cedex 08.

Also at branches and offices of these banks in France.

The funds paid in support of applications will be deposited during the legal time at the counters of the Banque de l'Union Européenne, 4 rue Gallien, Paris.

Quotation

The 1,027,497 old shares are listed on the Paris Stock Exchange and the London Stock Exchange.

Application will be made for admission of the 205,499 new shares to quotation on the Paris Stock Exchange and to the official list of the London Stock Exchange. The insertion relating to the present increase of capital required by French law was published in France in the "Bulletin des Annonces Légales Obligatoires" on 2nd June 1975, and an advice to shareholders was published in "Petit Parisien" on the same day.

The French "Commission des Opérations de Bourse" has stamped visa no. 75-48, dated 13th May 1975, on the prospectus required by French law.

The Chairman and General Manager
JACQUES BOREL

4th June 1975.

"Les Villages" 47 Avenue de Villeneuve, 92420 Vincennes, electing domicile at the head office of the Company: Tour Maine-Montparnasse, 33 Avenue du Maine, 75755 Paris, Cedex 15.

Boom for BA Shuttle air service

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS' London-Glasgow no-reservations Shuttle service is now carrying more passengers than the airline carried on conventional services on the route last year, and BA is confident that this growth will continue.

The Shuttle's best week so far was that ending on May 25, when 16,433 passengers were carried, 37.4 per cent more than in the corresponding week a year earlier.

The Shuttle is so popular now that it is becoming common for aircraft to depart full, ahead of time; with "back-up" aircraft leaving full and on time; and a second back-up aircraft leaving a few minutes later, also full.

The Shuttle system ensures that a passenger does not have to book, and that provided he turns up at the gate, the airline guarantees to carry him, if necessary providing back-up aircraft for the purpose.

The four weeks up to May 25 produced nearly 5,000 passengers more than in the same period last year, even though the 1974 figures were inflated by the effects of the rail strike.

BA remains concerned, however, lest the Civil Aviation Authority should be induced by the rival British Caledonian Airways to give the latter a "differentiated" fare, which it would compete with the Shuttle on the Gatwick-Glasgow route.

This differential might take the form of either raising Shuttle fares; or cutting the British Caledonian rate. At present fares on the Shuttle and B.C.A.'s flights are the same.

World airlines delay decision on commission rates for agents

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S major scheduled airlines have put off a decision on future levels of commissions to travel agents, to give governments more time to settle their own negotiations.

The decision was due to be taken through a "mail-vote" of the member airlines of the International Air Transport Association, seeking approval for a basic 7 1/2 per cent commission to travel agents, a rise of 1 per cent, on the present level.

Earlier attempts to reach agreement through the mail-vote system failed because Pan American objected that the plan provided only for the basic rise to 7 1/2 per cent, and did not include any incentive commission for agents to encourage them to boost their business.

Pan Am is already paying its agents the basic 7 1/2 per cent, plus an "incentive bonus" of 3 per cent on all business in excess of 90 per cent of last year's level.

In many countries, however, governments have stepped in and prevented Pan Am from paying this incentive bonus, on the grounds that it would force their national carriers to do the same and thus raise air transport costs.

Stable system

In the U.K. attempts by the Department of Trade to impose its views on Pan Am were defeated in the High Court, when Mr. Justice Donaldson ruled that the DOT had no power to insist on specific levels of commission payable to agents.

The DOT is still considering an appeal against this ruling, but

in the meantime, having jointly with the U.S. Government asked the airlines to seek a stable commission system, is waiting for something to happen at airline level.

Governments feel it is up to the airlines, through the IATA, to sort out the problem, while the IATA has deferred a mail-vote decision.

The only significant step that does seem to have been taken is a decision by the IATA executive committee to implement a nine-point "compliance programme," aimed at ensuring that airlines in future adhere to the IATA rules.

Branches of those rules, especially on commission payments, have been estimated to cost the airlines \$300m. a year in lost revenues, and it was this

which influenced Pan Am originally to announce its incentive commission plan.

Pan Am feels that by offering more commission, many of the malpractices in the industry could be avoided. It has subsequently reinforced this view in a strong letter to Mr. Knut Hammarstrand, the director-general of the IATA, emphasising the need for stricter compliance with the association's rules.

Among the measures the IATA is planning to take are tougher scrutiny of airlines' books, seeking personal undertakings from airline chiefs that they will abide by the rules, employing more staff to ensure that airlines comply, and improving the relationships between the airlines and the IATA enforcement

officers. It was this

Boustead Limited

1974 Results	1974	1973
Turnover	£5,000	£5,000
Operating profit	16,882	1,009
Profit before taxation	1,499	521
Taxation	1,471	510
Net profit attributable to shareholders	652	393
Earnings per share (net basis)	38p	16p
Dividend per share	3.91p	2.80p
	1.0844p	1.0p

The Chairman, Mr. H. B. Roper-Caldbeck, reports to Shareholders:-

"The year under review saw the implementation of the merger of your Company with Edward Boustead & Co. Limited and the Group results reflect this further expansion of the Company's interests and may be considered satisfactory in that profits after taxation exceeded those forecast at the time of the merger.

Political and economic uncertainties render it unwise to make specific forecasts for even the immediate future but I believe that the spread of our Group's interests is such that we can be reasonably confident of maintaining a satisfactory rate of progress during 1975.

There are a number of new developments under consideration which are aimed at providing further growth for the Group."

COMPAGNIE FINANCIÈRE DE SUEZ

The Annual General Meeting of Compagnie Financière de Suez was held in Paris on May 27, and was followed by an Extraordinary General Meeting.

The following is a translation of extracts from the statement made by the Chairman, Monsieur Michel Caplain, at the Annual General Meeting.

Although the present world and national situation is bad, the prospect of economic and possibly political rule, which had so depressed markets last autumn, seems now to be averted.

In the industrial, commercial and property sectors, if some recovery takes place between now and the end of the year, a difficult, but not really bad, year can be expected.

In the banking sector, our three large banks produced results in the first quarter of 1975 which were at times appreciably higher than those for the same quarter of 1974. It must be remembered, however, that the position does not include the possibility of certain failures among clients, which could weigh on the end-of-year results.

This situation as a whole will have repercussions on our Company's results for the year 1975.

1975 looks good. First, it will not suffer from the handicap of the year 1974, which was marked by the non-payment of a dividend by Suez International and by the absence of the first dividend from the new Banque de l'Indochine which will be distributed in 1975.

This dividend of Frs.21m. will be incorporated in our income for 1975.

Furthermore, the dividends of our subsidiaries which had been limited by Government recommendations in 1974, will in many cases be increased in 1975.

I would also like to say a few words about our consolidated accounts for 1974 which are a good instrument for measuring our situation and true profit level.

The most significant figures are the following:

- Total of our consolidated balance sheet: Frs.89.4 thousand millions against 69.4;
- Total of deposits in our banks: Frs.96.5 thousand millions against 52.7;
- Net income before security transactions: Frs.425.5m. against 317.7, that is, Frs.54.33 per share against 50.83.

To sum up, it seems to me that our Company is benefiting from its size and diversification to ensure, even in difficult times, the level and security of its profits.

The market price of our share, despite the comparative improvement shown during the past six months, is still abnormally depressed, as is the case with many French shares.

Are there any factors in this which apply particularly to our Company?

Certainly not our financial position which, taking the economic situation into account, is altogether satisfactory, but we can in this connection call to mind two problems: the law-suits of last summer and the reduction in our capital.

On the first point, as you know, we have reached an agreement with our opponents which has resulted in the withdrawal of the legal actions. A committee Suez-Chemical has been called upon New York, N.Y. 10005, U.S.A.

At the Extraordinary General Meeting, all thirteen resolutions were passed.

An English translation of the Annual Report and Accounts can be obtained from the Report will be obtainable later.

On the second point, the law-suits of last summer and the reduction in our capital, we have reached an agreement with our opponents which has resulted in the withdrawal of the legal actions. A committee Suez-Chemical has been called upon New York, N.Y. 10005, U.S.A.

At the Extraordinary General Meeting, all thirteen resolutions were passed.

An English translation of the Annual Report and Accounts can be obtained from the Report will be obtainable later.

Profit-taking checks recent advance Slight fall

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 3

PROFIT-TAKING erased optimism regarding general expectations that the measures to be announced by Finance Minister Jean-Pierre Fourcade may include a Price Freeze.

By 1 p.m. the Dow Jones Industrial Average came back 2.12 to 844.98, after 847.17, while the NYSE All Common Index was up 1 cent at 849.18. The Dow Jones further 11 cents to 849.29. Trading volume decreased 1,850, shares to 15,594, compared with 17,440, yesterday.

The Government's optimism about the economic outlook for the second half of the year continued to be one of the chief reasons for stock market's opening strength.

Yesterday, Administration economist Alan Greenspan said that there is no evidence of inflationary forces are spent and that once

financial injection by taking fresh preferential shares.

Placements were mixed, while Schaefflin firm against a generally weaker trend in Shipping, Banks and Investment Funds were all firmer, and insurance edged higher.

BRUSSELS was generally firmer in moderate trading following Wall Street's overnight sharp gain.

Local gains included Sofina, UCB, Vieille Montagne, Cockerill, FN, Wazons Lits and Arbed, CBR were weak.

Foreign issues were also firmer, except mixed U.K. issues, with gold rising. All three Petrofina were little changed.

GERMANY—Prices strengthened

up to Dm.5, or more, in narrow markets, following the overnight rise on Wall Street and continued Foreign and Domestic professional buying.

Leading Banks, Stores, Motors and Veterinary shares were up to Dm.5 higher, led by BHF, Herten, BMW and Linde. In Electricals, BBC gained Dm.11 and Siemens Dm.3. BASF, up Dm.2, led Chemicals higher, while Bayer rose Dm.15 despite short-time plans. Among Steels, Mannesmann were lifted Dm.8.

Public Bonds gained up to Dm.10, while the Authorities again sold a nominal Dm.4m of stock back to the market. Some Mark Foreign Loans rose slightly.

SWITZERLAND—Markets

turned mixed in selectively active trading, with losses predominating in most sectors.

Banks fluctuated narrowly, while Financials and Insurance generally declined. Juvana Bearer weakened under sustained selling by the Bank of England, widening to 24.7 per cent, from Monday evening's 24.6 per cent, and also standing at 24.7 per cent in early dealing, and at noon, in terms of the U.S. dollar, the pound gained a small amount, however, rising 10 points on the day to \$2.3200-\$2.3210.

Business was moderate, with the dollar easing against most leading currencies over the day. The pound opened at \$2.3175-\$2.3185, but reached \$2.3205-\$2.3215 before long, and touched \$2.3245-\$2.3255 at its highest of the day, in the afternoon.

The release of the U.K. official reserves figures for May was followed by a slight temporary setback for sterling, which had stood at \$2.3238-\$2.3248 before their publication, and shortly afterwards, but the connection between the figures and the rate movements was tenuous, with the day's price for sterling touched after the figures had been announced. The dollar's trade-weighted average depreciation against 14 units since the Wash-

ington Agreement (as calculated on noon rates in New York by Morgan Guaranty) widened a little to 7.13 per cent, from Monday's 7.09 per cent, while sterling's depreciation on a similar basis widened to 30.09 per cent, from 29.85 per cent.

The French franc, which has moved over a wide range in recent days, was up 10 points on the day to 164.15-164.25, against the previous Frs.4.0037, against the previous Frs.4.0037, against the previous Frs.4.0037.

Gold recovered 82 1/2 an ounce of the previous day's \$34.50 to \$34.55, to end at \$34.55-1651. Business was moderate, with the market settling down following erratic fluctuations the previous day, based on the news that the authorities are to auction 0.9m. ounces of gold on June 24. The metal opened at \$34.16-164, with earlier movements in Hong Kong apparently having an impact, and though \$34.16-164 was touched in early dealing, the closing level was the highest of the day.

The Kruggerand fell back in places to a premium of 18 per cent over its gold content in the domestic business, against 20 per cent, previously, but in international dealings its premium rose to 3 1/2 per cent, from 3 1/4 per cent.

STERLING lost a little ground against major currencies in general in the foreign exchange market yesterday, with its trade-weighted average depreciation against ten leading units since the Washington Currency Agreement of December, 1971, (as calculated by the Bank of England), widening to 24.7 per cent, from Monday evening's 24.6 per cent, and also standing at 24.7 per cent in early dealing, and at noon, in terms of the U.S. dollar, the pound gained a small amount, however, rising 10 points on the day to \$2.3200-\$2.3210.

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GOLD MARKET

	June 3 1975	June 2 1975
Gold bullion (a fine ounce)	\$34.55-1651	\$34.50-1651
Gold bars (a fine ounce)	\$34.55-1651	\$34.50-1651
Gold coins (a fine ounce)	\$34.55-1651	\$34.50-1651
Gold futures (a fine ounce)	\$34.55-1651	\$34.50-1651
Gold options (a fine ounce)	\$34.55-1651	\$34.50-1651

FOREIGN EXCHANGES

	June 3 1975	June 2 1975
New York	849.18	847.17
London	164.15-164.25	164.15-164.25
Paris	164.15-164.25	164.15-164.25
Brussels	164.15-164.25	164.15-164.25
Frankfurt	164.15-164.25	164.15-164.25
Berlin	164.15-164.25	164.15-164.25
Munich	164.15-164.25	164.15-164.25
Stuttgart	164.15-164.25	164.15-164.25
Düsseldorf	164.15-164.25	164.15-164.25
Köln	164.15-164.25	164.15-164.25
Frankfurt	164.15-164.25	164.15-164.25
Berlin	164.15-164.25	164.15-164.25
Munich	164.15-164.25	164.15-164.25
Stuttgart	164.15-164.25	164.15-164.25
Düsseldorf	164.15-164.25	164.15-164.25
Köln	164.15-164.25	164.15-164.25

Closing prices and market reports were not available for this edition.

the economy not moving, the momentum might be greater than expected.

Many investors were encouraged by news that peace talks might resume soon in the Mid-East following the Ford-Sadat meeting and Israeli troop pullback in the Sinai.

Oils and related issues were higher, while Gold Mines also rose.

Polairad sold 51.82, late yesterday. Bell and Howell, unchanged at 81.82, sold 81.82, late yesterday. The U.S. District Court in Chicago sent Polairad to prison for 18 months, and fined him \$100,000. The three count complaint alleges that Polairad failed to pay his meet other obligations and breach of written agreements. All related to Bell and Howell's design and development of equipment for a Polairad instant motion picture system.

G. D. Searle, the most active stock, fell 1/2 to 25.12, after 25.12, late yesterday. The company's Board of Directors, at its June 3 meeting, will discuss the marketing, labelling and instructions for use of its anti-hypertension drug, atenolol.

Indices

NEW YORK

	June 3 1975	June 2 1975
Dow Jones Industrial Average	849.18	847.17
NYSE All Common Index	849.18	847.17
Dow Jones Industrial Average	849.18	847.17
NYSE All Common Index	849.18	847.17

STOCK AND BOND YIELDS

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

MONDAY'S ACTIVE STOCKS

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

IND. DIVIDEND YIELD P.C.

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

N.Y. SE ALL COMMON INDEX

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

STOCK AND BOND YIELDS

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

MONDAY'S ACTIVE STOCKS

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

IND. DIVIDEND YIELD P.C.

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

N.Y. SE ALL COMMON INDEX

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

MELBOURNE YIELDS

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

SYDNEY ALL ORD. INDEX

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

TOKYO NEW SE INDEX

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

HONG KONG INDEX

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

SINGAPORE INDEX

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

EUROPE

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

AMSTERDAM

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

AUSTRALIA

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

VIENNA

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

JOHANNESBURG

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

PARIS

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
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BRUSSELS

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

FRANKFURT

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
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BERLIN

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

MUNICH

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

STUTTGART

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

DÜSSELDORF

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12

KÖLN

	June 3 1975	June 2 1975
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10% Treasury Bond	10.12	10.12
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FRANKFURT

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MUNICH

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STUTTGART

	June 3 1975	June 2 1975
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BERLIN

	June 3 1975	June 2 1975
10% Treasury Note	10.12	10.12
10% Treasury Bond	10.12	10.12
10% Treasury Note	10	

FINANCIAL TIMES STOCK INDICES

close mixed. After extremes of 431p and 423p, Glaxo came to rest 435 easier at 425p, while Beecham advanced 30p. Unilever closed at 365p. Wellcome, however, turned 43 pence at 382p, and Unilever closed 43 pence at 398p. De La Rue featured the proceedings elsewhere where much better-than-expected preliminary results brought about a jump of 16 to a 1975 "high" of 185p. The chairman's bullish AG statement, however, sent the stock down to 87p, and increased interim dividend and higher profits helped J. H. Fenner 2 dearer at 125p. Improvements of 9 and 19 respectively were seen in J. Coral, 109p and Siebe Gorman, 145p, and the latter's 1975 AG statement also helped it add 20 to 775p. Dealings in Rosedale Industries, 5p, were suspended at the company's request pending clarification of the company's financial position.

Apart from Dunlop, a penny advance to 33p, and a 10p rise in British Aerospace, 112p, Motors, and kindred issues were quietly firm. Associated Engineering went fairly active, the old shares gaining 10p to 112p and the new shares paid rising a like amount to 15p premium. Canfam improved 2 to 57p ahead of results expected on 3 to 57p in this market.

Faber/Printings were calmer, late but sharp advance of 17 to 173p in Merquordale in response to excellent interim results. Lower profits, however, brought Colter Group Bridge down 3 to 212p, and the new shares fell 1 to 42p. Despite news of improved trading in the first four months of the year, Thomson eased from a 1975 "high" of 205p to 192p. The new shares of 202p in Newspapers, while Gordon and Gotch, in Publishers, were lowered 5 to 35p.

MEPC weak again

Eleventh-hour nervousness

Ord. Div. Tld. g.	5.87	5.82	6.04	5.94	5.97	5.87
Baratine Tld. g. (full)	17.29	17.54	18.00	18.02	18.10	17.79
P/R Ratio (net) (g)	8.19	8.18	7.88	7.85	8.21	7.92
Dealings made	7,721	5,295	6,348	6,080	6,294	6,750
Equity turnover Rat.		70.29	77.26	71.16	57.89	58.43
Equity bargain total		19,948	19,414	18,816	18,162	17,051

M. m. 458.4 1. m. 321.3 2. m. 362.1 3. m. 348.4
 4. m. 381.4 5. m. 351.5
 Latest Index 100 = 1000, 5 Exchanges relative exchange.

(A) Based on 52 per cent. corporation tax. (B) Nil=512.
 Based 100. Govt. Secs. 15/10/78. Fixed Int. 1823. Ind. Ord. 177/85.
 Mining 12/9/51. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

	1975		Since Completion			June 3
	High	Low	High	Low		
Govt. Secs.	62.54 (20/5)	49.18 (4/1)	157.4 (30/3/6)	49.18 (4/1)	Daily— Gilt-Edged— Industrial— Speculative— Total—	188.5 188.5 188.5 188.5 188.5
Fixed Int.	62.51 (20/5)	50.64 (20/5)	150.4 (30/3/6)	50.55 (11/7)	As Above Industrial— Speculative— Total—	75.4 175.7
Ind. Ord.	255.9 (20/5)	149.0 (20/5)	545.9 (11/7)	49.4 (20/5)	As Above Industrial— Speculative— Total—	177.6 225.1 112.2 149.0
Gold Mines	442.3 (20/5)	280.9 (20/5)	643.3 (20/5)	43.5 (20/5)	As Above Industrial— Speculative— Total—	149.0

FT—ACTUARIES INDICES

	June 3	June 2	May 30	May 25	May 22	May 27	A
Industrial Group.	138.59	135.36	136.27	137.96	140.12	141.12	1
COO Shares.	151.70	147.43	148.89	149.91	152.11	151.11	1
Div. Yield per	5.78	5.95	5.83	5.86	5.78	5.78	1
P/R Ratio (net)	7.43	7.21	7.19	7.20	7.58	7.58	1
All Shares	149.58	145.51	145.46	146.87	150.36	150.36	1
Consols yield per.	14.73	14.83	14.92	14.92	15.14	15.14	1

fresh fall of 18. Rothschild, on the other hand, rose to 420.00. Colonial Securities Deferred picked up 10 to 1800.

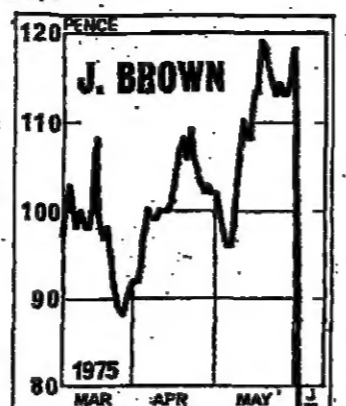
In front of to-day's interim results, P & O Deferred edged forward 1 to 115p. Elsewhere in shipplings, news that the Panama Company had increased its stake and now holds over 18 per cent. of Reardon Smith Ordinary share capital failed to move the latter, which closed unaltered at 440p.

Another place with continued

In the heavyweight, West (ESB) and Westerns (WES) (ESB) were both around a higher while Marivale put to 510p.

Bishopsgate Platinum was up 10p although the price of the third quarter dividend expected. Transvaal Consolidated was quoted at 414½p. The lifting of the de suspension on news that the Colliers Union of W. Colliery will not now take

The feature of a quiet



Marks & Spencer active

After opening higher at 240p, Marks & Spencer was reacted in an active two-way trading to 246p before closing unchanged on day at 242p. Version Fashion rose from 87p to 89p as it increased earnings, and Fairchild's Textiles closed a shade firmer at 26p on further consideration of results and dividend scrips.

Isuzu attracted Retailers popular at 68p, up 4, while Wearwell 56p and Dewhurst 54p, put down 3 and 5 respectively. A.G. Gossells fell 1p to 49p after its issue at 70p. Martin the Newswoman lost 5 to 133p following Presswork comment on the interim results. The company had been expected to go down 3, on the profits setback. In Shoes, Church reduced 5 to 115p.

The Electrical still benefited from week-end Press comment, moved further ahead. The Ordinary and "A" both closing 10 to the good at the common price of 140p. The latter has a handsome 14 to 48 in response to

De La Rue please

After Monday's firm start to the new Account, the miscellaneous Industrial leaders traded more cautiously yesterday. Marked a couple of pence lower at the outset following the NUR strike call, prices drifted further only to rally in the afternoon to

MEPC weaken again

cent of Reardon Smith Ordinary share capital failed to move the latter, which closed unaltered at 440p.

where, Scott Robertson were noteworthy for a loss of 3 at 15p in high of 650p; the company 11.8 per cent of American

[illegible]

INDUSTRIALS—Continued

[illegible]

Continued

[illegible]

TOBACCOS

[illegible]

STS--Continued

[illegible]

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Tories attack du Cann over EEC

By OUR LOBBY EDITOR

THE CONSERVATIVES were plunged into their first row over the Common Market yesterday, following an advance report of speech last night by Mr. Edward du Cann, chairman of the Conservative backbenchers' 1974 Committee.

The Liberals, too, were not without their dramas. Mr. Jeremy Thorpe, the party leader, declared that if there was a massive vote to get out of the Common Market he would withdraw from public life.

The main attraction, however, centred on Mr. du Cann. Speaking in his Taunton constituency, the 1974 chairman, who, although not a leading anti-Marketeer, has never voiced in Parliament for the principle of the EEC, said there was a real division in the Conservative Party over the Common Market. But for loyalty to the pro-Market leadership, there might even be a majority in the party for withdrawal.

At no point did he advise Conservatives to vote No, but the implication was there. He said he saw the strong Left-wing character of many pro-Market leaders both here and in Europe, including the Italian Communists, as a good reason why loyal Tories should oppose membership.

"Loyalty to one's country should be put above loyalty to one's party," he said.

This was too much for his leader, Mrs. Margaret Thatcher, for whom he had done so much in obtaining her election, and for his former leader, Mr. Edward Heath. Both pointed out, yesterday, that the Conservatives in Parliament had put party interests aside in a free vote and supported the Labour Government on the Market.

In a BBC radio interview, Mrs. Thatcher said that the minority of anti-Market Tory MPs was getting smaller all the time. She instigated Sir Derek Walker-Smith and Mr. Hugh Fraser, who had switched sides because the Commonwealth was clearly wanted Britain to stay in and France had been "doing its best to help Britain."

In her trips around the country she had found only a small and dwindling number of the Party opposed to the EEC. She did not agree with a questioner that Mr. du Cann was "off his rocker."

He was just one of the small number opposed to Britain in Europe. It was not for her to say why he had made his remarks at this time, but she hinted that they have not increased his chances of a post in her shadow Cabinet. She had no immediate front bench appointments in mind, was her non-committal reply to a direct question on this subject.

Mr. du Cann's only support, yesterday, came from Mr. Ronald Bell, Right-wing Conservative MP for Herefordshire. Mr. Hugh Simmonds, joint chairman of the Conservatives Against the Treaty of Rome, and Lord Brigshaw, a Left-wing Labour anti-Marketeer.

Mr. Simmonds said the former leadership of the Party consisted of dedicated pro-Market leaders, but the new leadership contained many who were only lukewarm and some who had strong doubts.

Lord Brigshaw condemned "the success of sinister pro-EEC forces in keeping the disaffection of many Conservatives under cover." The victimisation of many anti-Market Tories by the Conservative machine had been disgraceful and un-British, he said.

But Mr. Roy Mason, the Secretary for Defence, said that the majority of Conservatives were solidly behind Mr. Heath and Mrs. Thatcher on the EEC.

Mr. Eidon Griffiths, Tory spokesman on Europe, said he could not believe Mr. du Cann wished to be the Campbell Adamson of the referendum campaign—a reference to remarks held to be damaging to the General Election campaign last year by the CBI's director-general.

An MP influential in Mr. du Cann's election as chairman of the 1974 Committee said he was "shocked" by reports of his speech.

Another Conservative MP, Mr. Charles Irving, said: "It is amazing that Mr. du Cann, who has played such an important part as chairman in trying to keep the party together under such disruptive suggestions, a new leader, should come out with such disruptive suggestions."

Anti-Market leaders in both parties, however, were delighted with Mr. du Cann's last-minute intervention and hope it will swing a few votes their way.

Saudis will seek U.K. stake in \$142bn. plan

By Richard Johns

MAXIMUM U.K. participation is being sought by Saudi Arabia for an ambitious \$142bn. 1975-80 Five-Year Plan which details are to be revealed at a Press conference being given today by Mr. Hisham Nazer, Minister of State for Planning.

The expenditure target—which includes appropriations for defence and foreign aid—is said to be based on the assumption that nearly all the Saudi oil revenue from a production averaging 6m. barrels-a-day will be disbursed and that its value will remain roughly constant in real terms.

Strong doubts

Experts on the Saudi economy are expressing strong doubts as to whether even half the sum projected will actually be spent. In particular, they point to the country's shortcomings in administration, infrastructure (especially the inadequate port facilities) and desperate lack of skills and manpower.

The plan envisages the use of no less than 500,000 foreigners, a large proportion of them professional and skilled. The figure compares a Saudi population of little or no more than 5m. which already includes up to 1m. expatriate Yemeni workers.

Education and training are a major preoccupation, with the former known to have been allocated \$21bn. Because of manpower deficiencies, it is anticipated that foreign companies will be asked not only to arrange full-scale training programmes, but also to manage industries and services established under contract for many years.

Natural gas

Two major industrial complexes fed by associated natural gas are planned on the east coast (Gulf) to have an iron and steel plant, an aluminium smelter, two refineries, three petrochemical complexes and two areas and nitrogenous fertiliser plants. The one centred around Yanbu on the Red Sea coast is oil refinery, a large petrochemical complex and a cement works.

Integral to this massive industrialisation programme will be a system for gathering, treating and transmitting of gas, which is to have a capacity of 6bn. cubic feet daily. A 700-mile pipeline is planned from the Gulf to Yanbu.

Air: peace hopes in Heathrow workers' strike

By CHRISTIAN TYLER, LABOUR STAFF

SHOP STEWARDS will today recommend a mass meeting of ground engineers at Heathrow airport, London, to call off their week-old strike.

If the 550 men agree to revised peace terms, British Airways will begin restoring European and U.K. flights from to-morrow morning.

The vote depends on the men's readiness to accept the promise of immediate negotiations on their claim for "flexible working" payment. No cash offer is contained in the formula, worked out by management and trade union officials on Monday.

Dropped

British Airways' European and U.K. services out of Heathrow will remain grounded for the third day running today, with a stop over at Gatwick airport, estimated at £300,000 to £400,000 to £500,000 to £600,000.

Shop stewards at the airport agreed nearly unanimously yesterday to recommend an end to the strike when they heard that BA had dropped its insistence that "flexible working" (for servicing different types of aircraft, including newly acquired TriStars) should be confined to the European division fleet maintenance men.

Rail: move to seek backing of unions

By JOHN WYLES, LABOUR REPORTER

APPEALS FOR SUPPORT from union leaders in the mining, transport, post office and electricity supply industries are expected to be framed by the National Union of Railwaysmen today when they meet to draw up plans for the union's first national strike since 1933.

The NUR has set up a special sub-committee to prepare for the strike, which is due to start on June 23. Its first moves will be to seek pledges from other unions that their members will not transport goods normally carried on the railways.

Meanwhile, the Government, the TUC and the British Railways Board were starting to assess yesterday the potential implications of the NUR's strike call issued on Monday after the national executive rejected the rail arbitration tribunal's 27.2 per cent pay award.

No early moves to break the deadlock are expected from the Government or the NUR. But the Government is expected to make sure his Government was introducing the transport policy it was elected to carry out.

Delegates at the ASLEF conference are expected to endorse today their national executive's acceptance of the pay award prior to a debate next week on pay resolutions which include a call for the £100 a week train driver.

NALGO threat to N. East count

UNOFFICIAL ACTION by members of the National and Local Government Officers' Association is threatening the referendum count in Durham and Northumberland.

Local NALGO branches are to discuss a motion calling for a boycott of poll station manning in protest at a 21.7 per cent pay offer.

Reksten: Damages delay likely

By FAY GJESTER

NORWAY'S AKER shipbuilding group is unlikely to secure payment of over £20m. in damages awarded by an arbitration court yesterday—within the 14 days stipulated. The award was made in a dispute with shipowner, Mr. Hilmar Reksten, over tanker order cancellations.

A spokesman for Reksten has indicated that there might be legal grounds which could enable the shipowner to delay paying the Kr.234m. (£20.3m.). It is also widely believed that Aker recognises this, and is likely to be flexible in attempting to reach a settlement of its claims. The group's legal representative, Mr. Per Brusvig, said today: "How far there is, or is not, cover (for the claims), time will show. Neither I, nor the Aker group, will see how it goes with payment."

A Bergen newspaper said today that Reksten would refuse to pay up because the court's judgment was made against him personally and his own Hilmar Reksten Company ("a managing company"); neither have any significant assets.

According to the paper, the Reksten assets are controlled by

Coats meets the institutions

THE LEX COLUMN

Index fell 7.5 to 350.6

The row over the passing last week of Coats Patrons' final dividend drew over thirty institutional representatives to the two-hour meeting yesterday afternoon with Coats at their brokers Rowe and Pitman. A change of mind on either side was never likely to occur at the meeting, officially described as "private and informal."

Suggestions that Coats might pay a dividend after all, which have caused some fluctuations in the share price, have looked unlikely from the start. But the institutions have made their point, any other company that might want to follow a similar line has now been given a very clear indication of what the response will be.

None of this goes any way towards answering the real problem posed by Coats, which apparently continued to stress that it was unwilling to, effectively, borrow the dividend. But it is a pity that a company and its shareholders should have got so much at odds—partly because, as Coats has pointed out, the tax system is becoming a divisive influence. One lesson, perhaps, is that outside directors can have their uses. Meanwhile the institutions may now decide to let the matter rest, for it is hard to see that a protest vote at the annual meeting would be worthwhile.

De La Rue

Excluding acquisitions, De La Rue's profits are 24 per cent lower before tax at £8.97m. But the market was not concerned with such niceties, preferring to latch on to the fact that at the net attributable level group profits overall are 14 per cent higher—and still covering the increased dividend by well over two times. The shares jumped a tenth to 183p where the yield is 9.1 per cent.

In the second half of the year the Crofield acquisition contributed a maiden £1.2m. before financing costs without which De La Rue's pre-tax setback from October to March extends to 43 per cent; and that takes in some useful currency gains for a non-U.K. profits ratio of about 70 per cent. On lower margins, security printing moved ahead by 17 per cent to £4.2m. but laminates duly collapsed from £5.4m. to £2.5m. after heavy losses both in insulation installation and in with net worth of £38m.—before a £27m. surplus on plant and buildings based on an existing use valuation.

Swan Hunter

Swan Hunter has a dozen tankers on order from its Swan Maritime associate with penalty clauses in the event of cancellation, and its associate profits—according to the accounts—will be maintained this year. Clearly the outlook is fairly balanced. But the nationalisation uncertainty remains the major constraint on a market capitalisation of £14.2m. at 78p. That compares with profits last year of £12.1m. (after provisions of £1.3m.), with net cash balances of nearly £16m., and in with net worth of £38m.—before a £27m. surplus on plant and buildings based on an existing use valuation.

£42m. plan for clothing industry

By Rhys David

A £42m. SCHEME to improve productivity in the clothing industry and reduce its trade deficit has been put before the Government by the industry's economic development committee.

The scheme, phased over four years, would provide grants towards improving the industry's productivity, management, exports, organisational structure and image.

Special aid would be given to companies with proven export performance, and a clothing productivity centre would be set up. In addition, the Clothing EDC suggests a number of complementary self-help measures which the industry could implement without Government aid.

The proposals, drawn up after consultations with individual companies, industry trade associations and trade unions, would take advantage of the 1972 Industry Act.

A £15m. scheme under the Act is already in operation for the wool textile industry and the possibility of using the Act's provisions to help other sections of the textile industry was put forward by Mr. Wilson when he rejected the case made by the industry for import controls last month.

When illness is a problem

this booklet prescribes just the treatment

From both points of view—management and staff—illness costs money. The Crusader Scheme described in the booklet can help to deal with some of the problems involved.

It takes into account that Executives and other Senior members of the staff may wish to arrange Private Medical Treatment in such a way as to fit in with the pressures of modern business life.

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Rhodesia Africans face split

By TONY HAWKINS

THE WIDENING split within the African National Council was underlined today when Dr. Gordon Chavunduka the Secretary-General, offered to resign rather than work for a united party and Joshua Nkomo insisted that the planned party congress be held as scheduled on June 21.

Meanwhile, making a major policy statement in the senate Prime Minister Mr. Ian Smith said that the week-end's events in which 11 Africans were shot dead by the police, brought into sharp focus the difficulties which the government faces in trying to negotiate with people who cannot agree among themselves, and whose disagreements so readily flare up into violence.

Mr. Smith sharply attacked Bishop Muzorewa, president of the ANC, for "wild and irresponsible statements" made during his "extended stay overseas." Mr. Smith commented: "When the Bishop returns his colleagues might tell him how

they were saved by the police from the mob."

Mr. Smith again blamed "prevarication and obstruction" on the part of the ANC for the delay in convening a constitutional conference. The Rhodesian Prime Minister denied that he had given an ultimatum to the ANC.

Commenting on the guerilla war, Mr. Smith said that in the spirit of détente, security forces operations had been reduced. "I have to admit that as a result, we have lost some of our earlier ascendancy over the terrorists."

In two separate Press conferences today, Dr. Chavunduka and Mr. Joshua Nkomo, leader of the former ZAPU, gave conflicting accounts of the present situation within the ANC. Dr. Chavunduka stressed that there were no ideological differences within the umbrella organisation but claimed that a "power struggle" was taking place.

He said that it was not possible to convene a party congress on June 21, partly because two of the groups that joined together last year to form the ANC—ZANU and Frohzi—have said they will not attend.

In contrast, Mr. Nkomo claimed that there were no divisions within the ANC and stated emphatically that he was not involved in any power struggle. ZAPU no longer existed he said—only the ANC.

Bridget Bloom writes: Mr. James Calagahan, the Foreign Secretary, and Bishop Muzorewa, met for over an hour in London during which, according to a brief communiqué, the British Minister "expressed the hope that the ANC and Mr. Smith would begin immediate substantive talks" on Rhodesia's constitutional future, the "deplorable" events of last Sunday night.

Bishop Muzorewa, who was on his way from New York to Salisbury, said at a Press conference that he could not rule out the possibility that "agents provocateurs" were responsible for Sunday's riots.

Salisbury, June 3.

Having accepted the tribunal's award, the two other rail unions—the Associated Society of Locomotive Engineers and Firemen, and the Transport Salaried Staffs Association—have both asked for a meeting with BR. They are expected to meet today, at which it is hoped that the NUR, which will expect the same treatment.

The Government's reaction to the NUR's strike call issued on Monday after the national executive rejected the rail arbitration tribunal's 27.2 per cent pay award.

No early moves to break the deadlock are expected from the Government or the NUR. But the Government is expected to make sure his Government was introducing the transport policy it was elected to carry out.

Delegates at the ASLEF conference are expected to endorse today their national executive's acceptance of the pay award prior to a debate next week on pay resolutions which include a call for the £100 a week train driver.

What made the NUR militant? Page 18

Weather

U.K. TO-DAY

CLOUDY, rain at times. Mainly dry in Scotland.	Rain spreading from S.W. Wind S. or S.W., moderate to fresh. Max. 16C (61F).
London, S.E. N.W. and Cent. N. England, E. Midlands, Lakes	S.W. England, S. Wales, N. Ireland
Bright periods, cloudy with rain later. Wind S.W., moderate. Max. 16C (61F).	Cloudy, rain at times. Wind SW moderate or fresh. Max. 16C (61F).
E. Anglia, E. and N.E. England, Borders	Edinburgh, Dundee, Aberdeen, Belfast
Sunny periods, some rain later. Wind S. or S.W., moderate. Max. 17C (63F).	Cent. Highlands, Moray Firth, N.E. and N.W. Scotland
Cent. S. England, W. Midlands, Channel Is., N. Wales, I. of Man, S.W. Scotland, Glasgow, Argyll	Mostly dry, sunny periods. Wind variable, light or moderate. Max. 11C (52F).
	Orkney, Shetland
	Bright periods, showers. Wind N. light or moderate. Max. 8C (46F).
	Outlook: Rain at first, becoming brighter.
	Lighting-off: London 21.40, Manchester 22.00, Glasgow 22.23, Belfast 22.25.

—Sunny, F—Fair, C—Cloudy, R—Rain.

Weather